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ABSTRACT

This document records the oral and written testimony of persons participating in a U.S. House of Representatives hearing on employment and training needs during the current recession. Testimony was given by leaders of youth education and jobs programs, congressional representatives, a college president, and several unemployed workers. Witnesses said that the recession has hit the country very hard, that millions of good jobs have been lost and will not be restored, and millions of people are likely to remain unemployed. Job losses have affected all sectors of the economy, white collar as well as blue collar. Some witnesses supported education and employment programs, such as those authorized in H.R. 4122, which would create jobs to rebuild the public infrastructure, and H.R. 4175, which would set aside funds for public works projects that would in turn create jobs. Recommendations were also made for improving jobs and education programs for poor and minority group youths. (KC)

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HEARING ON EMPLOYMENT AND TRAINING NEEDS IN THE CURRENT RECESSION

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HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

SECOND SESSION

HEARING HELD IN CHICAGO, IL, MARCH 2, 1992

Serial No. 102-93

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HEARING ON EMPLOYMENT AND TRAINING NEEDS IN THE CURRENT RECESSION

MONDAY, MARCH 2, 1992

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES,
COMMITTEE ON EDUCATION AND LABOR,
Chicago, IL.

The subcommittee met, pursuant to notice, at 12:30 p.m., Room 2W59, Kennedy-King College, 6800 South Wentworth, Chicago, Illinois, Hon. Carl C. Perkins [Chairman] presiding.

Members present: Representatives Perkins, Hayes, and Savage.

Staff present: Patricia Fahy, senior legislative analyst.

Chairman PERKINS. It is going to be a good afternoon. I want to welcome each of you today. It is good to have you here at this hearing.

It is a pleasure to be in Chicago, particularly to join a man that I have been sitting beside for at least the last 7 years on the Education and Labor Committee, a very good friend of mine, Charlie Hayes.

We are going to listen to some testimony today on a proposal that he has to put people back to work in this town and in this country.

This particular subcommittee has held hearings in the last several months in Camden, New Jersey, Pittsfield, Massachusetts, here in Chicago, and in Kentucky. We are going to go to Eau Claire, Wisconsin. We are going to go to Arizona.

We are going to basically look around and see some of the things that are happening across this Nation in the situation of jobs in America today. One of the things that we are looking at is different types of legislation that are going to make a significant impact upon the job needs that we have in this Nation.

I am pleased to be a cosponsor of Mr. Hayes's legislation, H.R. 4122, the Infrastructure Improvement and Job Opportunities Act of 1992, which is designed to achieve the goal of getting people back to work.

Ever since I have known him and had the privilege of working with him, Mr. Hayes has been a leader in fighting for the rights of workers. H.R. 4122 is a continuation of his efforts on behalf of workers and the unemployed.

There is no more important issue facing our country today than the crises of unemployment and economic dislocation. The U.S. economy slipped into a recession in July 1990, where it has remained for the longest period since the 1930's depression.

Hardly a day goes by that the media is not reporting a massive lay-off or factory closing. Just this past week GM announced that a staggering 74,000 employees will permanently lose their jobs over the next few years. At IBM 20,000 employees will be laid off, and at DuPont another 10,000 will be laid off.

Additionally, the end of the cold war presents a major restructuring in the defense-related industry. Between 1991 and the year 2001, an estimated 2.5 million defense-related jobs will disappear, and the economy will have to absorb thousands of members of the armed forces as massive demobilization proceeds. In Illinois alone, the unemployment insurance claims have already shot up over 25 percent between 1990 and 1991.

Many economists have predicted that the economy should turn around by mid-summer, but this will by no means cure the poverty and unemployment in Chicago any sooner than it will in the Appalachian area which I represent in Eastern Kentucky.

As a representative of one of the poorest Congressional districts in the country, I understand the impact of the recession on the south side of Chicago. In my Congressional district people are going out and buying bean sacks and putting them away because they know that hard times are upon them.

The creation of jobs in Chicago and in this Nation is as essential to rebuilding lives as it is to rebuilding and renovating neighborhood streets, housing, parks and schools.

If fully funded, Mr. Hayes's program would serve over a half a million unemployed, which is a good solid start in battling economic ills and unemployment in our country.

Compounding the high rates of unemployment both in this area and countless other areas across this Nation is the low basic skills level of most unemployed people.

A recent survey conducted by the National Association of Manufacturers found that manufacturers reject five out of six job applicants because of poor motivational, reading and writing skills.

One of the highlights that I think is particularly important in Mr. Hayes's bill is the strong emphasis on improving the education and basic skills of participants in addition to creating jobs.

I welcome all of our witnesses today, and I look forward to hearing from each of them. I would like to extend a special thanks to the host of this hearing, the Kennedy-King College, particularly to its president, Harold Pates, and the students who have joined us here today.

When in Rome I guess you should do as the Romans do. I am in Chicago, so I am going to relinquish the gavel at this juncture to someone who is far more prepared to talk about some of the problems that are going on in this city than a country boy from the hills of the Appalachians.

At this time I would like to turn over the gavel to my dear friend and colleague, Mr. Charles Hayes.

Charlie?

STATEMENT OF HON. CHARLES A. HAYES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. HAYES. Thank you, Mr. Chairman. I want to commend you for convening this field hearing today.

The issue of jobs is critical, as you have said, to the economic recovery of this Nation, and not too much attention is being paid to that fact by people who are in a position to do something about it.

I know you are truly committed to creating employment and training opportunities for workers, and I want to welcome you to Chicago.

I also want to just take a minute to thank a few people that have helped make this hearing possible. As you have said, I, too, want to acknowledge Dr. Harold Pates, the president of Kennedy-King College, for his hospitality and for helping to make this hearing possible and for his efforts to accommodate the subcommittee during today's hearing. Your staff has been most helpful. Dr. Pates will provide us with some welcoming remarks in just a few minutes.

Finally, I would like to thank the witnesses and the public for coming out today. It is my hope that today's discussion will shed some light on what we are trying to accomplish in the Congress as it concerns jobs. I thank you all for your contributions today.

Chairman Perkins, you are a very important Member of the House of Representatives. I know I will sorely miss you and your presence in the next Congress, since you have decided not to run for re-election.

While the Chairman represents a rural district in the State of Kentucky, we have found over the years, serving together on the Education and Labor Committee, that many of our issues of concern are similar. Creating jobs is certainly one of them.

We are here today to discuss the need for a national jobs bill. We in the House of Representatives just approved the so-called economic growth package, which is supposed to spur the economy.

Providing a tax break for the middle class is all well and good. However, what about a break for the working class or the poor people who do not have a job and would like to pay some taxes in exchange for having a job?

The trickle-down theory of the Bush administration is not working, and revenue-enhancing legislation like the economic growth package will not solve the problem, either. We need a national jobs program to provide decent paying jobs to Chicagoans and our Nation as a whole.

Mr. Chairman, full employment is no longer a goal of our government. It is my belief that the best policy approach is accomplished when everyone that wants to work can work and earn a decent living.

I believe that the United States should have a policy that promotes full employment. I have always been an adamant believer that it is better to pay people to do work than to pay them to languish in unemployment.

Currently we are paying more and more people to stay unemployed. Just take a look at the bloated welfare rolls, the excessive numbers applying for food stamps and the lines [illegible] the employment

office. Many of them, if it were possible, would certainly rather have a job than this.

I just met the other day and had lunch with one of the people who is employed in the Public Aid Office here in the State of Illinois. She told me, "look out." We have not seen the problems that are going to be created as a result of the reduction in the amount of money this State has cut away from the Public Aid and Assistance Program. She told me to wait until April 1, and you will see what is going to happen in the State of Illinois.

The workers in this Nation do not want to receive unemployment compensation—the majority of them—food stamps or other forms of public assistance. American workers want to work and participate in the productive capacity of this Nation.

When the private sector cannot meet the demands for jobs, I believe that the Federal Government should take an active role. Mr. Chairman, I believe that we will hear testimony during today's hearing which will echo this observation.

People cannot find jobs. There are not enough jobs to go around. There are currently 8.9 million people unemployed in America throughout. In Chicago, Mr. Chairman, there are 8.6 percent unemployed individuals, and I think these figures are conservative, in the metropolitan area.

Given the severe economic conditions on the south side of Chicago, I am certain that the number is at least doubled for our region. People are suffering, and we must respond. One of the big steel companies just finally notified they were closing their doors in the southeast section of the city.

The expressions of the unemployed are present all over this city. Although voices and faces of the unemployed vary, they all express similar tones of frustration.

This is how one of my constituents expressed the desire to find a job: "It is hard when you do not have a job. You cannot eat or sleep. I would work for $6 an hour if I could find a job. I have completed over 200 applications and mailed over 100 resumes. I want to be able to support myself, try to survive each day and have health insurance. I try to maintain a positive attitude." Then she asks, "Is there a possibility for a job this year?"

I am pleased that the young lady that wrote me that letter, Thelma Jones, will testify on the first panel here today.

The subject of this hearing also will address the legislation I have introduced in the Congress, H.R. 4122, the Infrastructure Improvement and Job Opportunities Act of 1992. H.R. 4122 was introduced in the Congress on January 28 of this year and has garnered the support of 30 Members of the House of Representatives.

Mr. Chairman, in the midst of this economic crisis I am convinced that a job will provide hope and encouragement for those who have been laid off or dislocated and will lift this country out of the recession it is now languishing in. H.R. 4122 seeks to provide the opportunity for the unemployed to obtain work, as well as training.

Very briefly, because the time is limited and very short today, my legislation provides funding for the support and training of the unemployed on local infrastructure projects.

H.R. 4122 is an important component of recent efforts in the Congress to provide work for Americans during this recession. The bill would cost about $5 billion in its first year and will be financed through the expected peace dividend due to the end of the cold war.

It is time that the Congress and the President break the budget agreement and reduce this Nation's military spending to free up dollars for domestic needs, such as jobs. Funds to create jobs for the unemployed should be a top priority.

One helpful point is that the Chairman of the Education and Labor Committee in the House has called for a jobs bill this year. There are several other bills dealing with the matter in the hopper.

Finally, Mr. Chairman, I wish that we could provide a job for everyone that is unemployed. While that is not an easy task, the hearing today is the first step in passing legislation that will put Americans back to work. I am pleased that we begin the process here in Chicago.

I look forward to these hearings and hearing from the witnesses. I again, Mr. Chairman, want to thank you for your indulgence with my opening remarks.

I want to say at this time I would like to call President Pate to come forward and give us some welcoming remarks. We want to thank you. We cannot thank you too much for the hospitality your school has shown.

STATEMENT OF HAROLD PATES, PRESIDENT, KENNEDY-KING COLLEGE

Mr. PATES. Thank you, Congressman Hayes and Mr. Chairman. It certainly is a pleasure to have you here at Kennedy-King, because when you begin to talk about jobs you are in the appropriate context.

We at Kennedy-King service a student population whose average family income is between $4,500 a year and $5,500 a year. When one talks about a job in this context, it becomes very, very important.

I just want to make one short comment that I think is very, very appropriate. As we try to teach students and as we work in the world of academia, we also see ourselves as a part of the population ecology.

We know full well that in order to maintain the appropriate balance in the population people have to eat, they have to be comfortable, and they have to have the feeling of self-esteem. If they do not, there is a tension created in the community that is almost like poison gas.

It may start at this source, but it invariably and inevitably begins to saturate broader and broader and broader areas.

It is appropriate that we talk about jobs because I was in a meeting last Wednesday where it was announced that in this community one-third of those who will be eliminated from the GA rolls will be in this community.

We were meeting with a group of resource people to try to determine how to address this because we know full well if one-third of that group that is going to be eliminated from the GA rolls, if that

one-third is in the community here we are going to have to be the experienced person to try to work with a group of people who will be struggling to survive.

That struggle, of course, will probably generate a number of creative tactics and strategies that certainly we will feel on various levels of government.

We in the academic community are indeed very, very sensitive in this geographic area for the need of your bill, H.R. 4122. We certainly hope that you will get the support on a national level that is necessary to pass the bill.

We appreciate the hearing taking place and the witnesses coming to what we consider to be a very fertile area from which to speak and place ideas on the docket.

Thank you very, very much.

Mr. HAYES. Thank you again very much, Dr. Pate.

I would like to call to the witness row up here the first witnesses, Mr. Alfonso Sanchez, Mr. Richard Walsh and Ms. Thelma Jones.

Is Michael Saron here?

VOICE. He has not come yet.

Mr. HAYES. He has not shown up yet? All right.

I certainly want to express my appreciation again to you witnesses for showing up here and giving us your input in this area.

We have copies of each of your prepared statements. We would like you, in the interest of time if it is at all possible, and it is not compulsory, to restrict your time to about 5 minutes. We will not interrupt you if you go over that, but we want to have time for some questions of you.

Mr. Chairman has a plane to catch sometime around 5:30 p.m. or so way out at O'Hare. I have lost my religion, too, on that Kennedy Expressway and the Dan Ryan at certain times of the day. I do not want to get you caught in that position.

I will start with you, Dick. Dick Walsh is chairman of the Illinois State AFL-CIO organization, in which my roots are deeply embedded. When I asked him about coming to this hearing, although busy, he was able to arrange it into his schedule, which we appreciate very much.

Dick, if you would go ahead now I would appreciate it.

STATEMENT OF RICHARD J. WALSH, PRESIDENT, ILLINOIS STATE AFL-CIO

Mr. WALSH. Thank you very much, Congressman Hayes and Chairman Perkins. I know that my colleague, the president of the Kentucky AFL-CIO, is one of your constituents. I hope when you go back to Kentucky you would give him my best wishes.

Chairman PERKINS. Surely.

Mr. WALSH. I want you to know also that Congressman Hayes taught me a lot. When I joined the State AFL-CIO staff some 13 years ago he was on the board and had been on for as long as almost any other board member.

I was then legislative director and then became political director, and everything I know about legislation and politics I learned from him. Now he has given me the privilege of coming back and trying to help him in his campaign 14 years later.

Congressman Hayes's successor on our AFL–CIO executive board, Ron Powell, is here today. I do not know whether Ron intends to run for Congress some day and follow in your footsteps, but it would be awfully hard——

Mr. HAYES. He is shaking his head negatively back there.

Mr. WALSH. It would be awfully hard for him to exceed your voting record on behalf of working men and women unless you can figure out a way to have more than 100 percent of a voting record.

Mr. Chairman, I am Richard Walsh. I am president of the Illinois AFL–CIO, which is an affiliation of some 1,400 local unions throughout the State, representing 1.25 million members and their families.

I want to congratulate you on sponsoring this hearing in Chicago and in Illinois, and I want to congratulate the sponsors of this legislation. It is an important and we think significant anti-recession measure.

Our State of Illinois, as Congressman Hayes has indicated, has been particularly hit by this recession. Our unemployment rate is over 8 percent and last month was the highest of any State in the country.

At last report, some more than 500,000 unemployed workers are officially listed as jobless. As Congressman Hayes indicated, we agree that that number is probably significantly understated, given the way that the figures are collected.

We have more than a half a million Illinois workers—one out of every 12 in Illinois—who want a job and want a paycheck to achieve dignity and self-respect and some form of family income.

As the recession rolls into now its twenty-first month, it has battered American industries and American workers longer than any recession since the Great Depression of the 1930's.

Jobs—good jobs that made Americans secure and the future bright—are disappearing by the hundreds of thousands. Without any government action at the Federal, State or local levels, many of these jobs will never come back, and millions of Americans will remain unemployed, underemployed or dropping out of the work force.

Job losses have not been spared in any part of the economy. Construction, manufacturing, retail, service and even the public sector have been hard hit by job losses. White-collar jobs, as well as blue-collar, are now being lost.

No one knows exactly when this country will pull out of the downward spiral, but almost everyone says the recovery will be slow and weak with continuing high unemployment for months after the economic indicators begin to move up.

The national AFL–CIO, as you both know, is calling on Congress and on the President to move quickly on a substantial and comprehensive program that will deal with the near term problem of the recession and will also help America get back on the path to sustained economic growth and long term job creation.

Congressman Hayes's bill, H.R. 4122, would make a significant contribution to both of these goals. Investment in infrastructure construction helps meet our immediate need for job creation at the State and local level.

The local job projects that are proposed in H.R. 4122 are just what we need to fight the recession and to create much needed jobs. These projects will also add to the productivity of our State and our Nation by maintaining and increasing the infrastructure foundation on which both the private and the public sector depend.

We are pleased to note that H.R. 4122, in addition to opening up jobs, has testing and education requirements and various supporting services, including job clubs, to help participants search for jobs. These provisions will help develop our Nation's human resources and thus will help raise the Nation's long run productivity and competitive position.

We are also pleased to note that H.R. 4122 contains appropriate labor standards, including minimum wage requirements, anti-displacement rules, protection of existing contracts and collective bargaining agreements and Davis-Bacon prevailing wage requirements.

The authorization of funds for this legislation and the proposed allocation of funds appear responsible in light of the recession's destruction of jobs, high unemployment, plant closings and mass layoffs, and large numbers of public assistance recipients.

The national AFL-CIO is calling for an anti-recession economic stimulus program in the neighborhood of $60 billion or 1 percent of the Nation's Gross National Product. The authorization of funds under H.R. 4122, $5 billion as we understand in this next year, is absolutely consistent with such a program.

Mr. Chairman, I appreciate the efforts of you and your subcommittee to move legislation in this Congress to increase job opportunities for all Americans now.

We have a choice. We have a choice of either ignoring or pretending that a recession does not exist. We have had some political leaders who first of all did not think there was a recession; then that there might have been one, but that it was over; and had to be forced—had to hammered—into the recognition of the damage that had been caused to our economy and the need for some kind of improvement.

We have a Federal Government and a President who want to ignore this issue in an election year. We have a State government who in many instances has stuck their head in the sand and in essence said things are bad; let us make them a little bit worse by cutting our budget and not looking towards the kinds of programs that might put Americans back to work.

H.R. 4122 would do what is absolutely necessary. We need to have the political will, as President Franklin Roosevelt did in the early 1930's. He could also have said things are bad; let us cut our budget. Instead he put a plan together to put Americans back to work, to get some money in the pockets of unemployed workers and their families and to do something about our economy.

Your bill, H.R. 4122, is a step exactly in that directly. It is exactly what is needed in this economy right now.

I promise you that the Illinois State AFL-CIO and all of its affiliates will do everything it can to see that H.R. 4122 becomes the law of this land and puts people back in Chicago and in Illinois back to work where they really have wanted to be for a long, long time.

Thank you, Mr. Chairman.

[The prepared statement of Richard J. Walsh follows:]

Statement by Richard J. Walsh, President, Illinois State Federation of Labor and Congress of Industrial Organizations, To the Subcommittee on Employment Opportunities of the House Education and Labor Committee in Support of H.R.4122, the Infrastructure Improvement and Job Opportunity Act.

March 2, 1992

Mr. Chairman, my name is Richard Walsh. I am President of the Illinois Federation of Labor and Congress of Industrial Organizations. I appreciate this opportunity to testify in support of H.R.4122, the Infrastructure Improvement and Job Opportunity Act, a bill to guarantee a work opportunity for all Americans.

I want to congratulate the sponsors of this legislation. It is an important and significant as an anti-recession measure. But even more important, it is a key step forward in this nation's drive to create jobs and raise productivity in America.

Our State of Illinois has been hit particularly hard by this recession. The unemployment rate is up over 8 percent, far above the recession-high 7.1 percent unemployment in the nation as a whole. At last report, Illinois has 505,000 workers who are officially listed as jobless, looking for work but unable to find a job.

So we have more than half a million Illinois workers, one out of every 12 workers, who wants a job and wants a paycheck to achieve dignity and self-respect and family income.

As the recession rolls into its 21st month, it has battered American industries and American workers longer than any recession since the Great Depression of the 1930s. Jobs -- good jobs that made Americans secure and the future bright for our children -- are disappearing by the hundreds of thousands. Without government action at the federal, state, and local levels, many of these jobs will never come back. Millions of Americans are unemployed, underemployed, or dropping out of the labor force because they can't find work.

Job lossses have not spared any part of the economy. Construction, manufacturing, retail, service, and the public sector have all been hit hard with job losses. White-collar jobs as well as blue-collar jobs are being lost.

No one knows exactly when the country will pull out of the downward spiral, but almost everyone says the recovery will be slow and weak withy continjuing high unemployment for months after economic indicators beginh to move up.

The national AFL-CIO is calling on Congress and on the President to move quickly on a substantial and comprehensive

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program that will deal with the near-term problem of the recession and also will help America get back on the path to sustained economic growth and long-term job-creation.

H.R.4122 would make a significant contribution to both of these goals. Investment in infrastructure construction helps meet our immediate need for job creation at the state and local level. The local job projects you propose in H.R.4122 are just what we need to fight the recession and create jobs.

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We are pleased to note that H.R.4122, in addition to opening up jobs, has testing and education requirements and various supportive services, including job clubs to help participants search for jobs. These provisions will help develop our nation's human resources -- and thus will help raise the nation's long-run productivity and competitive position.

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The authorization of funds in this legislation and the proposed allocation of funds appear reasonable in light of the recession's destruction of jobs, high unemployment, plant closings and mass layoffs, and large numbers of public assistance recipients. The national AFL-CIO is calling for an anti-recession economic stimulus program in the neighborhood of $60 billion or 1 percent of the Nation's Gross National Product. The authorization of funds under H.R.4122 is consistent with such a program.

Mr. Chairman, I appreciate the efforts of you and your Subcommittee to move legislation in Congress to increase job opportunities for all Americans. Thank you for this opportunity to testify in support of H.R.4122.

Mr. HAYES. Thank you very much.

Procedurally we would like to complete the testimony of the two other panelists and the third one if he shows up.

If the time constraints are such that you have to leave, then we will have to do a little questioning now.

Mr. WALSH. I will stay.

Mr. HAYES. You will stay? All right.

We call on you, Mr. Sanchez.

STATEMENT OF ALFONSO SANCHEZ, UNEMPLOYED MAINTENANCE WORKER, MEMBER, SOUTH CHICAGO JOBS AUTHORITY JOBS CLUB; ACCOMPANIED BY: THOMAS BOYD, DIRECTOR, SOUTH CHICAGO JOBS AUTHORITY

Mr. SANCHEZ. He will read it for me.

Mr. BOYD. My name is Thomas Boyd. I am a director at the South Chicago Jobs Authority. Mr. Sanchez asked me to assist with his testimony.

"Good afternoon, Chairman Perkins and Congressman Hayes. My name is Alfonso Sanchez, and I live at 9317 South Manistee here in Chicago. Thank you for the opportunity to testify before the House Subcommittee on Employment Opportunities today.

"I am 44 years old and married, with two sons. I am the head of my household, but I find it difficult to provide a quality lifestyle for my family when there are no jobs. I believe that my unemployment situation is like that of many other Americans who have been laid off during this recession and cannot find jobs. It is tough, but somehow my family and I make it from day to day."

I can testify that Mr. Sanchez has been extremely thorough in his pursuit of employment, coming to our office almost on a daily basis and pursuing every job that seems possible.

"Mr. Chairman and Congressman Hayes, I am currently a member of the South Chicago Jobs Authority Jobs Club. Our jobs club is designed to match individual skills with available job openings.

"The job openings are referred to the South Chicago Jobs Authority by various private companies. The use of special computer software designed to match individual skills with job descriptions allows rapid response to job openings.

"I think that this system is very useful. However, after 6 months of unemployment, I have yet to find work. There simply are no jobs available during this recession.

"I last worked at Visionmanox. Chairman Perkins and Congressman Hayes, I am a carpenter, plasterer, painter and electrician. I want to put my skills back to use as soon as possible.

"I noticed in the summary of H.R. 4122 that jobs would be made available to the unemployed rebuilding the public infrastructure. I think this is a good move for the country to take. The unemployed would benefit, as well as the community.

"In closing, Mr. Chairman and Congressman Hayes, I need a job today. The unemployment benefits that I am receiving are not enough, and it will not last forever. I do not think you can keep extending the unemployment benefits.

"I hope that the President and the Congress will act soon to create real jobs for the unemployed.

"Thank you, Mr. Chairman and Congressman Hayes. I will be happy to answer any questions that you might have."

[The prepared statement of Alfonso Sanchez follows:]

STATEMENT OF ALFONSO SANCHEZ, UNEMPLOYED MAINTENANCE WORKER

Good afternoon, Chairman Perkins and Congressman Hayes. My name is Alfonso Sanchez and I live at 9317 South Manistee here in Chicago. Thank you for the opportunity to testify before the House Subcommittee on Employment Opportunities today.

I am 44 years old and married, with two sons. I am the head of my household, but I find it difficult to provide a quality lifestyle for my family when there are no jobs. I believe that my unemployment situation is like that of many other Americans who have been laid off during this recession and cannot find jobs. It is tough, but somehow my family and I make it from day to day.

Mr. Chairman and Congressman Hayes, I am currently a member of the South Chicago Jobs Authority Jobs Club. Our jobs club is designed to match individual skills with available job openings. The job openings are referred to the South Chicago Jobs Authority by various private companies. The use of special computer software designed to match individual skills with job descriptions allows rapid response to job openings. I think that this system is very useful; however, after 6 months of unemployment, I have yet to find work. There simply are no jobs available during this recession.

I last worked at Visionmanox. Chairman Perkins and Congressman Hayes, I am a carpenter, plasterer, painter and electrician. I want to put my skills back to use as soon as possible.

I noticed in the summary of H.R. 4122 that jobs would be made available to the unemployed rebuilding the public infrastructure. I think this is a good move for the country to take. The unemployed would benefit, as well as the community.

In closing, Mr. Chairman and Congressman Hayes, I need a job today. The unemployment benefits that I am receiving are not enough, and it will not last forever. I do not think you can keep extending the unemployment benefits. I hope that the President and the Congress will act soon to create real jobs for the unemployed.

Thank you, Mr. Chairman and Congressman Hayes. I will be happy to answer any questions that you might have.

Mr. BOYD. I would like to add just a couple of quick comments.

Mr. HAYES. Go right ahead.

Mr. BOYD. One, I think the bill is particularly appropriate for people in the community of South Chicago where Mr. Sanchez lives and where our organization is active.

We are located in the union hall of the United Steelworkers Local 65 representing employees at U.S. Steel South Works. As you, Congressman Hayes, mentioned, that plant is now slated for closing on April 10.

That plant makes steel beams used in repair of bridges and other infrastructure. I think that it is a national resource that if our company's infrastructure rebuilding needs are to be met that we need that facility. I think its closing is unfortunate.

Hopefully, with bills like this perhaps another buyer can be found, and people can be recalled and put back to work at that facility.

Secondly, I would like, as I think Mr. Sanchez symbolizes here, to encourage bilingual programs as much as possible in the proposals, not only in Spanish, but in other languages such as Polish.

As the Congressman knows, we have a large Polish population here. It is General Pulaski's birthday today. It is appropriate to mention that as well.

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Our jobs club has been active, for example, with the post office in getting bilingual personnel at the South Chicago Post Office to be able to meet the needs of the local population.

Finally, I would recommend considering including a measure of discouraged workers to supplement the official unemployment numbers to be used for allocation of funds. I think there are measures that could be used that would really make a difference for communities like the one we are in in South Chicago.

Mr. HAYES. Thank you very much. Mr. Sanchez really has multiple skills.

Mr. SANCHEZ. Yes.

Mr. HAYES. There is no question about that.

Ms. Jones? Ms. Jones, by the way, is an unemployed machinist. Go right ahead.

STATEMENT OF THELMA JONES, UNEMPLOYED MACHINIST

Ms. JONES. Good afternoon, Chairman Perkins, Congressman Hayes and members of the panel.

My name is Thelma Jones, and I live at 7959 South Troop. I appreciate the opportunity that you have given me to testify before the House Subcommittee on Employment Opportunities about my job situation.

I am currently unemployed, and after countless efforts I cannot find a job during this recession. I have worked all of my adult life. I had never thought I would be in this position. It is not only me that is out of a job. There are a lot of people looking for work.

I wonder if the Congress and the President could do something to create jobs this year. We need to work.

In my 46 years of life, I thought that I would never be in this position. The United States is one of the richest countries in the world, but the jobs are leaving. After the jobs leave, the quality of life leaves also.

For instance, I worked at the Stewart Warner Instrument Corporation for 17 years, which was once located at 1826 West Diversy here in the City of Chicago. Stewart Warner built gauges used in cars, trucks, small boats and airplanes. Now Stewart Warner moved to Mexico and Johnson City, Tennessee. All of the workers were left without jobs.

I am not old enough to retire yet, and I am too young to stop working. There are no jobs available for myself and others to complete full working careers. Some of us will need additional training for employment with new companies. Why does our government not provide training and jobs for the unemployed during the recession?

Chairman Perkins and Congressman Hayes, I challenge any past, present or future statement about American workers being lazy. This is not true. It is simple. The way that I see it is that the workers in this country lack opportunity.

Mr. Chairman, there are no longer any jobs in the United States. The workers have no say in how companies invest their profits in other countries, especially when it is the labor of employees that is the cause of the profits of the companies. I believe that people

working for a company should have some say so in how a company reinvests its profit.

Also, American companies should be given incentives to remain in the United States. Too many people suffer the circumstances of unemployment when companies close up plants and leave the area.

I do not believe that this is fair, and the current recession does not help this situation any. Chairman Perkins and Congressman Hayes, I have experienced firsthand the implications of industrial flight in the United States.

Chairman Perkins and Congressman Hayes, I believe that we can create jobs by rebuilding apartment buildings and other facilities in this city. This work will provide a paycheck, and it will help the community. The people will once again feel good about themselves.

I am not comfortable receiving unemployment compensation. I want to earn my own paycheck. I am used to working. The bottom line is that we need jobs. We cannot wait any longer. I sometimes wonder if President Bush knows how many people are out of work.

Thank you again for listening to my side of the story. I am not alone. As you know, thousands are unemployed and want to work just like me.

Thank you, Mr. Chairman and Congressman Hayes. I am prepared to answer any questions that you might have.

Mr. HAYES. Mr. Perkins?

Chairman PERKINS. Thank you, Charlie.

Let me just ask Mr. Sanchez and Ms. Jones if they would just describe a little bit about what sort of effort they have made to actually find a job in this present environment, either one of you.

Ms. JONES. Well, do you remember when the new hotel went up? I went down there. I stood in line 3 hours.

Chairman PERKINS. You were one of the 2,000 or 3,000 down there?

Ms. JONES. Yes. I filled out the application. I had an interview. It went very nice. They said they would call me. Unfortunately, I was not one of the lucky ones. They did send me a card that they appreciated me coming down there.

Chairman PERKINS. How many applications have you filled out?

Ms. JONES. I would say I filled out about 300 applications. I sent about more than 100 resumes. I get replies. They say they will keep it on hold.

I do not give up. I keep on sending them back and sending resumes. Every time somebody gives me a lead on a job I go and fill out an application, because I feel like this—somewhere down the lane there is a job for me.

I look at it like this. I am going to claim a job. I believe if I keep on filling out applications and sending resumes, someone is going to sit down——

Chairman PERKINS. Do they give you any reasons on these resumes why they are rejecting them or putting them on hold? Do they tell you anything?

Ms. JONES. Well, they say at this time we are currently looking over your resume or over your application.

Chairman PERKINS. Do they give you any reason for that?

Ms. JONES. A lot of places said they are not hiring right now because of the recession.

Chairman PERKINS. What do you hear, Mr. Sanchez? Do you hear the same thing?

Mr. SANCHEZ. Yes. I made a lot of applications at hotels, factories or any kind of job. I did not get it—nothing.

Chairman PERKINS. Do they tell you any reason? Is it the same thing? They are not hiring?

Mr. SANCHEZ. Yes, the same.

Chairman PERKINS. I appreciate that.

Mr. Walsh, has the Illinois AFL–CIO done any long-term projections on the state of manufacturing and construction jobs in Chicago and in Illinois?

Mr. WALSH. Not long term. It is pretty hard just to deal with the short term. Unemployment in the construction industry is well over 16 percent in the Chicago area. We, as Thelma mentioned, have suffered significant manufacturing losses in the City of Chicago.

We have seen a dramatic increase in the movement of companies to Mexico, and good paying jobs like Thelma had at Stewart Warner and like we had at the manufacturing plant on the southwest side—those were not large wages, but $10 jobs or $11 jobs—are being shipped overseas where wages are 75 cents in the manufacturing sector. It is pretty hard to compete under those circumstances.

Quite frankly, the trade policies that the Bush administration has pursued have in essence encouraged those moves. We are facing significant difficulties both in the construction and in the manufacturing sectors.

Bills like H.R. 4122 and others which would increase the amount of public investment, where private investment is clearly not doing anything under this current economic situation, can yield dramatic results.

Our infrastructure—roads and bridges—has clearly deteriorated, so public investment in those kinds of things which have long-term implications in terms of the economy of the city and State, while short term providing jobs for people, can have dramatic impacts—in fact, four or five times more than similar private investment might be able to do.

We have to have the political will to do that. You cannot have a stimulus package, which the President has proposed, which is revenue neutral. Those are contradictory in their very terms. If a stimulus package is revenue neutral, all you would be doing is trading employment in one sector for lay-offs in some other sector.

As I said earlier, what we need is the political kind of will from a President who, like Franklin Roosevelt, said we have a problem, and we have to do something about it; not we have a problem, and we have to cut the budget and stick our heads in the sand and pretend that sometime in the future it may go away and the economy might get better.

Chairman PERKINS. Thank you, Mr. Walsh.

Mr. HAYES. We have just been joined by our colleague from the Second Congressional District and I would like to welcome him.

He is very influential on the Public Works Committee, which has been making a real concerted effort to open up job opportunities. He is one of the co-sponsors of this bill, too.

I would like to call on him for a few remarks at this time before we proceed with further questioning of the witnesses.

STATEMENT OF HON. GUS SAVAGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. SAVAGE. Thank you, Mr. Chairman Perkins, and my good colleague and friend, Congressman Hayes.

I am not a member of this subcommittee or committee, but I stopped by briefly to commend my colleague for his concern for the jobless in our Nation in the persistent recession.

I am honored to be a co-sponsor of his bill. It shows the kind of initiative that has marked my good colleague's entire congressional career.

Let me also, however, add that there are several bills for the same purpose in existence. The more the merrier in this case. Whichever one can get there, the better.

Mr. HAYES. That is right.

Mr. SAVAGE. I happen to be an original co-sponsor of H.R. 4175, which is a much similar legislation maybe a bit further along in the process, because it is a bill originating in the Public Works Committee.

As you know, in Congress bills are assigned to different committees for jurisdiction. When a bill is initiated by one such as Hayes with regard to public works, it will work its way into the Public Works Committee.

The chairman of the committee, Robert Roe of New Jersey, also has a bill of which I am the original co-sponsor that does much the same. I am for both bills. Whichever one we can get through first, the better. In fact, if we get them both through you will get twice as much benefit.

Let me say something about H.R. 4175 if I may. It is at the stage where it was introduced on February 5. Full committee hearings will commence on March 12 on this matter, just next week. That is a week from Thursday.

It is a $10 billion bill that is very simple. What it does is it sets up a pot of $10 billion, and the way you compute generally is that every $1 billion can translate into roughly 50,000 jobs. You multiply that times $10 billion, and you are talking about roughly 500,000 jobs.

It is a very simple bill in that it sets up this pot, and any State or local government can apply for any portion of those funds for a public works project. The only requirement is that the public works project is ready to commence within 90 days of the application. That is, it has an immediacy factor.

Number two, the project must be labor intensive, of course, and that it be a needed project, such as building schools. It can even be sidewalk repairs.

How it differs from the present transportation legislation, which was the only jobs bill passed in the last session of Congress, is that in the transportation bill the Federal Government pays 80 percent

of the costs. You are required to have 20 percent matching State or local funds.

In this emergency bill the Federal Government will pay 100 percent of the project once it is approved and accepted as in compliance with the provisions of the Act.

We have some 70 co-sponsors at present. We expect to reach the number where we can force the bill onto the floor on an emergency basis. The problem, of course, with this, as with any legislation, is the existing budget agreement. How do you fund it?

The present budget agreement departmentalizes sections of the budget, as you know. While I would like to see it funded out of the defense budget—we can easily take $10 billion more out of the defense budget—the present budget agreement requires that money that is deducted from the defense budget be used for deficit reduction rather than apply it to another compartment within the budget, such as a domestic program, as would this one be.

I think that what we need to do is to modify that budget agreement. Unless we do, none of these bills will be able to find funding.

Finally, let me just say this. The last week we passed what was called an economic stimulus bill in the House. You are probably familiar with it. It has some tax deductions and so forth.

Though I supported the bill along with my good colleague, Congressman Hayes, as Congressman Hayes said on the Floor at the time, he raised certain reservations. That is, it is a mistake to try to immediately impact in a positive way the present recession by focusing on the tax bill. That is, modifying fiscal policy is not the direct way to create jobs.

Even though this was a Democratic bill, it accepts the trickle down theory. Whenever you try to approach modifying the recession through fiscal policy changes, you are trickling down.

What is needed in this country is a bill that would directly create jobs and immediately so, not through tax cuts and provisions, but to do as we did during the Great Depression with the WPA.

Take some money out of defense, change the priorities by which we allocate funds in this country, and use those funds to directly create jobs as in the case of H.R. 4175 where we simply set up a pot, and if you have a public works project that is labor intensive you get to go in on it.

The bill that was passed and some of the bills in the Senate that are pending all try to manipulate tax policy to create jobs. That is, to first figure out a way to give the money to businesses—big businesses—and hope that they will in turn, through some incentives, create jobs.

If you recall when President Bush a month or 2 ago went to Japan on his Japan mission, he took the leaders of the major corporations in this country with him, contending that he was trying to push the recession back and create jobs.

He was going to Japan to find jobs and try to exact there an agreement that they would begin to permit American built products to come into Japan and what have you and perhaps even limit those Japanese-made products coming into this country.

The problem with it was that he carried 12 executives of the top corporations in this country. They were not solvers of the problem. They were those that had helped create the problem to start with.

For instance, he carried Lee Iacocca from Chrysler. If you know anything about the Plymouth Voyager, that little van, the engine in that van is made in Japan. Lee Iacocca is giving jobs to Japan. The President took him with him expecting he is going to go there to find jobs. He would only find what he already took over there.

Then you had with him the president of General Motors. General Motors is talking about discharging 74,000 people and creating more problems in the job market today. They have 55,000 employees down in Mexico. If they are going to lay off somebody, lay off those in Mexico if he is interested in jobs in this country.

I am telling you that the people he took with him were not only not interested in creating jobs in this country, but they are those who are part of the problem. He had with him the head of Motorola. Motorola has that cellular phone that some of you may use in your automobile. That phone is made in Malaysia. He gave away the jobs.

You cannot depend on big business no matter what kinds of tax incentives you give them to create jobs in America, because their interest is not jobs. Their interest is short-term maximization of profits. They could care less about jobs.

If they could make more money by hiring people in the Fiji Islands, that is what they would do. They do not have any kind of loyalty to this country or any kind of nationalistic spirit. They do not care where their money is. They will take your money and send it over there.

What is needed is for this government not to depend upon private industry—that is what got us into the problem to start with—but to assume the responsibility to make sure that everybody in this country who is willing and able to work has a job worth having.

Let me thank you, Mr. Chairman.

Mr. HAYES. Thank you.

I would like maybe to ask a couple of questions of you, Dick.

Do you think the jobs that have been lost here in the State of Illinois will come back to the State once we recover, if we do, from this recession that we are in? I will call it a depression.

Mr. WALSH. Well, it is difficult to say, but what is clear, I think, is that without investment in public infrastructure there is no incentive for business.

We are in sort of a vicious cycle here. The deficit keeps going up, and the recession causes it to get even larger. Yet, the reason we cannot put together a stimulus package that includes job creation is because we have a deficit program that was enacted.

As I said earlier, you cannot have a stimulus program that is revenue neutral. It is impossible. You are not stimulating anything if you are revenue neutral.

As Congressman Savage articulated, it is very difficult to do economic development and job creation through the tax code. What you did last week was a giant step towards making the tax code fairer for the average American and the average worker.

The program that he outlined in H.R. 4175 and you are proposing in H.R. 4122 and the national AFL–CIO is proposing in the $60 billion category is one that makes a social investment that has both short-term and long-term implications—short-term implications in that it deals with significant infrastructure problems that have been ignored way too long, including housing.

Short term provides jobs that are needed desperately in the middle of a recession. The long term provides the kind of infrastructure that can be used in job creation in the future, whether it be in the manufacturing or in the service sector, and without which it is very difficult to see how those jobs could return or come back or new ones be created, whether they be either in the manufacturing or the service sector.

From our perspective, both of your proposals would be ones that would in essence say we have a problem. We have an economic problem. We have a joblessness problem. We have a problem that is not providing the kind of stimulus that really might be necessary if we are going to come out of this recession in the future.

Your plan both has short-term and long-term implications, which I do not think any of the other plans, and certainly not the bill that was passed last year, envision.

We need to recognize that we have a problem. There has never been significant solutions to recessions without public investment. It does not exist. By definition it almost cannot.

There is no private investment strategy right now because of the recession. Only if government wakes up and says let us do something today that can develop jobs tomorrow and put people back to work in the short term and provide infrastructure and other improvements that will help our economy long term are we ever going to get out of this dilemma.

Mr. HAYES. Of course, the regrettable thing, and I am sure both of my colleagues agree with this, is with me this is not partisan political issues. It is a human issue involved here of jobs.

As Gus has already said, the passage of last week's tax bill will not solve, as we all know, our economic ills. It is already being admitted and seemingly accepted by Members of our Congress. The President can veto it unless the Senate comes out with a bill that pleases him.

If they come out with a bill that pleases him, are we going to lose what we thought was an improvement on the tax equity situation in our country? We just threw up our hands it looked like to me and said we cannot do anything. We have to push this kind of legislation that goes directly. I feel so strongly about it.

I am in a different position from either of my two colleagues here. I grew up during the last depression part of a big family. My dad had no job. My mother made her declaration that she was going to vote for Roosevelt right at the table. My daddy was a Republican. I do not want to get into partisan politics, but he got mad. He got mad and got up from the table. He said he knew it was a mistake when they gave women the right to vote.

I was fortunate enough to have just graduated from high school and had an opportunity when they announced the program, the CCC. I set out trees on the banks of the Mississippi River in the State of Illinois to stop the soil from eroding into that river.

There are environmental questions that need to be solved right now. You will not find a decent stream that you can even fish in. Unless we do something about the contamination of Lake Michigan we may not be able to drink water out of there. These are jobs that help preserve life.

The steel mill that is closing down in South Chicago, part of that was building things to help build bridges that are eroding—our infrastructure, our sewage system. In Chicago I am told some of it is 100 years old. This will do two things—rebuild our infrastructure and at the same time create jobs.

I do not want to even think about driving through my district. I have done part of it, and it is disgusting just to look at the boarded-up houses that exist just coming from the airport just on 55th Street alone. There are a number of houses that could be made habitable for people to live in if we had the money.

I just want to raise one question of both of you. Do you get a feel in your efforts to try to find employment that there is an element of trying to avoid adherence to the equal employment opportunity of the Civil Rights Act, or do you feel that you are somewhat denied the right to a job that might exist because you are a woman or your color?

You have a lot of skills there. I know jobs are scarce. We talk about retraining people because we do not have them trained now. That is part of the Act itself.

Here we have you, a machinist, and you, a jack of all trades. Do you feel that there is an element of racial discrimination or ethnic discrimination or sex discrimination involved in your efforts? Is that a barrier that you are trying to overcome at all?

Ms. JONES. Mr. Hayes, you know, this is the old saying. There are plenty of jobs. It is not what you know. It is who you know. Sometimes if you know somebody that can get you in there sometimes you do not even have to—you just sign your name. That is all you have to do.

I do not feel that I am discriminated against because I am a woman. It is just I have filled out applications. I get good replies, but they say the job is just all filled up. They will get back to me.

I am this kind of person. I would not give up. I believe that I will get a job. It seems hard sometimes, believe me.

Sometimes I think when you go fill out an application I said to myself do they just look at it and drop it in the garbage can? I do not think discrimination—some places I may feel that it is, but I do not let it get next to me, because I feel if I let that get next to me my whole outlook on life would just go down.

I build it up in myself and give myself confidence that I will be able to overcome this.

Thank you.

Mr. HAYES. And the Hispanic——

Mr. SANCHEZ. I speak Spanish. I feel positive I can get something pretty soon. I do not know how, but I think pretty soon I can get a job.

Mr. HAYES. We will hope.

Mr. SANCHEZ. Yes.

Mr. HAYES. This kind of legislation, I think if we can get it passed, and the one that Gus mentioned, too, I think is good. They are both geared in the same direction.

Mr. SAVAGE. May I add, Mr. Chairman, that this might be of interest to the panelists.

I would indicate, of course, I am not a member of Education and Labor, but I am the senior Illinois Member on the Public Works and Transportation Committee.

There are three provisions in H.R. 4175 that may be of particular interest to you. If they were not contained therein, I would not have become an original co-sponsor.

One is that it contains the provisions of the Davis-Bacon Act. That means that for a project to be approved if this bill becomes a law it would have to comply with Davis-Bacon in that it must pay prevailing wages.

In the bill that was adopted last week, for the first time in a bill passed you have an enterprise zone provision. Enterprise zone provisions permits violations of the Davis-Bacon Act. That is wrong. That is to go into a depressed area and let people be paid $4 or $5 an hour when the prevailing wages for that same work outside of that enterprise zone could be $10 or $15 an hour.

H.R. 4175 requires that the project meet the requirements of the Davis-Bacon Act.

Number two, it requires that the materials and supplies involved in any project must be built by American workers. There is a buy American provision in H.R. 4175.

Finally, and this is especially needed in Chicago, it requires that the project be fair with regard to hiring and contracting with minorities—that is Black Americans, Hispanic Americans and women—because the law has been so guilty of this.

But for those three provisions that are in H.R. 4175, I would not be an original co-sponsor. I thought they would be of particular interest to a few of you.

Mr. HAYES. I want to thank the panel. Your testimony has been very helpful. As a said at the beginning, your text of your entire written testimony will be made a part of the record in this hearing.

Thank you very much.

Chairman PERKINS. There is something I would like to read into the record at this time. This is a letter that I received from Congressman David Bonior, who I think some of you probably know is the Majority Whip of the United States House of Representatives. I would like to read this into the record at this time.

"Dear Representative Hayes: As a Member of the Democratic Leadership in the House of Representatives, I want to congratulate you on your persistent efforts to pass legislation which would create jobs and rebuild America's deteriorating infrastructure. You have been at the forefront of this issue since your first election to Congress.

"Your current legislation, H.R. 4122, has the potential of creating more than one-half million jobs primarily through training the unemployed and putting them to work on valuable projects, such as repairing roads, bridges and schools.

"The concept of your legislation is one which merits close scrutiny by this Congress, and I look forward to meeting with you on the results of your hearings.

"Please be assured that the House Leadership will give full consideration to your efforts. Sincerely, David E. Bonior, Majority Whip."

Thank you.

Mr. HAYES. Thank you. The next panel is Jack Connelly, executive director of Jobs for Youth in Chicago. He is accompanied by Antjuan Moore, and Patricia Bell, deputy director of Community Association for Neighborhood Development Organization, CANDO.

As I said at the outset, your entire written testimony will be made a part of the record. If you could, deal with the highlights and limit your remarks to 5 minutes.

We will start with you, Mr. Connelly.

STATEMENT OF JOHN D. CONNELLY, EXECUTIVE DIRECTOR, JOBS FOR YOUTH/CHICAGO

Mr. CONNELLY. I will do that. I have to say I feel especially comfortable here. Congressman Hayes has visited the Jobs for Youth program.

Not so many years ago, Congressman Perkins, I taught at Eastern Kentucky University and ran outreach programs for handicapped kids in Hazard, Kentucky.

Chairman PERKINS. I remember your face. I was just saying as you came up I remember seeing you around. I could not place where.

Mr. CONNELLY. I think we probably met each other, or you have seen it in the post office.

I very much appreciate being asked to speak today. I would like to thank all of you for considering Jack Connelly and Jobs for Youth.

As you may know, we work with dropouts and graduates who are from low income homes, age 17 to 21. Our mission is to help young men and women from low income families to find work and become self-sufficient, which is the goal of the legislation that you are cosponsoring.

As you well know, prior to your idea today our country on two occasions as an explicit national policy which was not partisan undertook the type of programs you are proposing.

During the Depression, President Roosevelt's public works program formed the base of much of our current system of highways, navigable waterways, the park systems and hydroelectric generation plants. It goes on and on and on. These things were essential to our country's progress.

It is interesting that historians point out that one of the reasons we were able to arm ourselves so quickly during World War II is we had an infrastructure that we in place that we could build rapidly on to defend ourselves.

After World War II our expanding economy was helped along by public works through the national highway system. We had a modern highway that watched our economy explode.

The long and short of it is what you are proposing makes sense in any economic environment, and it makes particular sense for people who need work.

I can speak of Chicago. In Chicago we have a dropout rate as high as 50 percent. We have unemployment in our inner city as high as 50 percent, if not even higher, and I know both our Chicago congressman know these painful statistics even better than I.

Children are growing to adulthood in environments with no access to good jobs. They are being educated in terribly underfunded and overcrowded schools, and they do not have those other resources we regard as vital to our lives, such as ready access to health care service.

The situation is so bad and has been going on so long that the things I am saying here today sound almost like a worn litany. I know you have heard all this before. For that I apologize, but I do not think you can say it enough.

I have to tell you that when I read a draft of H.R. 4122 I could not believe what I was reading. These are the sorts of things that I have been waiting for several years for our Congress to come out with, and I commend you for doing it.

Whether it is the Perkins/Hayes or whether it is the Savage bill, I do not care. I think it is just wonderful that you would be addressing in a very affirmative way the need for jobs and the need for people to have work right now, and also that you would tie it to our crumbling infrastructure.

Congressman Hayes, I was moved when you talked about coming down 55th Street and what you saw. Just two blocks away from here we have something that looks like post World War II Dresden. It is absolutely unconscionable in our country.

With respect to unemployed Americans, it has been unreal for our leaders to talk about how we cannot afford programs. After all, we are told the programs of the 1960's were a failure.

The assertion is most often followed by some form of the inane proposition that the involvement of the corporate community and volunteers who would work on behalf of the disadvantaged will somehow cause all these problems to evaporate. That is just foolishness.

It is also the expression of a very cynical belief that our government cannot do much to help, particularly those who are suffering. It is short sighted. It is ill advised. I know the people on the committee know this.

Such perceptions seem to express the idea that it is not good to unlock and develop human capital. There must be an assumption among our so-called leaders that it will not cost our country much to turn its back on these people. However, as we all know, it costs us plenty.

We pay in lost productivity, in welfare costs—particularly medicaid—and virtually for the tremendous expense of every other problem that flourishes amid poverty from dysfunctional families to illicit drugs. It is crazy to be putting the money into the problems instead of the solutions.

With respect to our Nation's infrastructure, I do not know how we can successfully continue to compete unless we are willing to invest more in the infrastructure which lies at the base of a com-

merce. I am delighted that the committee has bitten the bullet and is proposing such useful programs.

Jobs for Youth, the organization I work with, can only help people where jobs exist. We do not create jobs. That is something that the Congress has to do. I quite agree that all of us who are interested should not only be intent on encouraging this bill, but they should encourage our other congressmen to sign on.

I would like to get to the boring part now. There are some specifics in the bill—just a couple of things—I would like to read aloud into the record because often in trying to understand what these Acts mean when it comes down to working with kids it gets confusing.

Section 5 asks that a district executive council be established and that there be a limitation on administrative costs. Absolutely. It is crazy to spend money on bureaucrats.

However, I would like to caution the committee that the more substantial your qualifications for people to be served under the bill, the greater the administrative expense.

It would seem to me simple enough to point to community areas and say we have a pretty good idea that there are a lot of poor people in this area. If you live in this area, you can qualify for help under this bill. That would simplify things a lot.

As you know, under the Jobs Training Partnership Act these detailed and extensive qualifying requirements put unrealistic limitations on costs to show compliance. Often the administrative expenses become masked as a program related expense, which they are not. I know Congress and the Department of Labor are working hard to correct this, but it is really a problem.

The other small item I would like to point to is under Section 8, Local Jobs Project. While I quite agree on the importance of local control, it may be instructive to remember that the success of President Roosevelt's work programs had much to do with the independence of the administrators carrying out the programs.

As the proposed bill is currently written, it seems that there is the power of any two members of the council to veto.

I am hopeful reading these things into the record. I am very hopeful you are going to get it passed.

The veto power is fairly unlimited. I suspect this kind of a provision would be the source of a great deal of litigation and generate endless regulations in an effort to set some standards.

I know it is a politically sensitive issue and that the subcommittee has to strike a balance between ideal and possible. I understand that, but I would suggest that if causes for veto are made more explicit in the bill it will solve a lot of problems in the future.

Last, I would suggest that the standards for selecting the types of projects be even more clearly defined in the bill. Certainly we can combine jobs with meaningful work.

My sense is Congressman Savage is looking for that kind of thing in a public works bill. We need a water plant. We need a gymnasium. We need whatever it is. I think it could be even more productive.

I very much appreciate the opportunity to address this committee, and I wish you all the luck in the world on this bill.

[The prepared statement of John D. Connelly follows:]

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TESTIMONY GIVEN BY

JOHN D. CONNELLY

Executive Director
John D. Connelly, Ph.D.
Deputy Director
Edward Vega, Sr.

BEFORE THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR

REGARDING HOUSE BILL 4122

March 2, 1992

Good afternoon. My name is Jack Connelly and I am the Executive Director of Jobs For Youth/Chicago. I should begin by thanking Congressman Hayes and Chairman Perkins for this opportunity to testify before the Subcommittee in regard to House Bill 4122. I think it may be most useful to frame my remarks by first telling you something about Jobs For Youth and our work. As you may know, Jobs For Youth is a nonprofit organization that works with economically disadvantaged young people between the ages of 17 and 21, who are out of school. We work with both high school graduates and dropouts. Our mission is to help young men and women from low-income families become a part of the economic mainstream; and, in the process, provide the business community with motivated entry-level workers. I believe this mission is clearly reflected in the proposed Bill. In the course of a year, we will work with more than 1,200 youths, providing them with pre-employment training and unsubsidized job placement with close to 300 Chicago area employers. Also, with respect to youths we see who have dropped out of school, we run basic skills and GED programs to help them acquire academic skills essential to success in any work setting. Our staff is supplemented by a cadre of more than 200 volunteers, most of whom are from the business community. Here, I am pleased to report that Jobs For Youth

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received the President's Volunteer Action Award in 1990 as one of the most outstanding volunteer programs of its kind in the country. I have worked almost 25 years in education, government and human services and, with little exception, my professional life has been devoted towards services for disadvantaged Americans -- exactly the population that H.R. 4122 proposes to serve. Put another way, the issues which the Bill seeks to address are ones that have been of constant professional interest.

As you well know, in this century, the United States -- on two occasions -- has, as a matter of explicit national policy, undertaken the type of programs which you are proposing. During the Great Depression, President Roosevelt launched a public works program which formed the base of much of our current system of public highways, navigable waterways, the national park system, hydroelectric generation plants, and water and sewer works -- all essential to any nation's progress. In the process, he put millions of otherwise unemployed Americans to work, helping skilled citizens to practice their crafts and the unskilled to acquire and develop marketable skills. The benefits of these efforts are almost incalculable. Historians point to America's success in defeating the Axis as due in no small measure to this nation's ability to rapidly develop heavy industries to support our defense efforts. We were able to do this so quickly because a solid infrastructure was developed under Roosevelt's public works program.

Shortly after World War II, America embarked on its next infrastructure development program centered on building the most modern and complete system of highways in the world. This, in turn, helped our rapidly expanding economy to grow that much more quickly, and to support sustained economic development which allowed America to then produce fully half of the entire world's annual gross product. Both of these efforts were stunning achievements.

We even could point with some pride to our past social achievements. The civil rights movement in the 1960's was key to empowering and enfranchising millions of our citizens. We began to see a large number of American minorities join the ranks of the middle class for the first time, able to contribute substantially to our nation's well being. I regret that today, in 1992, I cannot offer you a recent example of our nation's success in helping all Americans to share, together, in our country's bounty.

Rather, during the past 30 or so years, our great cities began to stagnate. School dropout rates are soaring, and institutions charged with helping disadvantaged Americans are reeling at the magnitude of the challenge. For example, here in Chicago, our school dropout rate is as high as 50 percent. This, of course, has been reflected in astonishingly high unemployment rates in our

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inner-city, rates which seem impervious to upturns in the larger economy. Rather, we have adopted a tacit national policy of warehousing a large number of our out-of-work Americans in our ghettoes. Children are growing to adulthood in environments across the country which offer little access to good jobs, and are being educated in woefully underfunded and overcrowded schools. Also, they do not have those other resources which most Americans regard as vital to their lives -- such as ready access to quality health care services. The situation is so bad, and has been deteriorating for so many years, that my comments here today sound like a worn litany. That is, I know you have all heard this before.

Against this backdrop, when I read the draft of H.R. 4122 I almost could not believe what I was seeing. Here is a Bill which directly addresses two of the most important issues facing our nation. First, the need to stem the tide of a mushrooming population of Americans who are long-term unemployed and live their lives with little hope for jobs in their future, and are disenfranchised from the mainstream. And, second, the urgent need to revitalize our crumbling infrastructure, particularly in our inner cities.

With respect to unemployed Americans, it has been unreal from my perspective to hear our leaders tell us how we "cannot afford" more programs to respond to this need. After all, we are told, the programs of the sixties were largely a failure. This assertion is most often followed by some form of the inane proposition that the involvement of the corporate community and volunteers who would work on behalf of the disadvantaged will somehow cause our impoverished inner-cities to evaporate and jobs will miraculously appear for all. These are expressions of the cynical belief that the government really cannot do much to help its citizens, particularly those who are suffering under the burden of long-term unemployment and poverty. This is both short-sighted and ill-advised. Such perceptions seem to mean that, somehow, it is a good idea <u>not</u> to unlock and develop our unused human capital. And, there must be an assumption among our so-called leaders that it will not cost our country much to turn its back on these people. However, as we all know, it costs us plenty. We pay in lost productivity, in welfare costs -- particularly Medicaid -- and virtually for the tremendous expense of every other problem that flourishes amid poverty, from dysfunctional families on through illicit drugs.

With respect to our nation's infrastructure, I don't know how we can successfully continue to compete unless we are willing to invest more in the infrastructure, which lies at the base of a healthy and vital commerce. One way or the other we must address these problems. I am delighted that the Committee has bitten the bullet in proposing such an eminently sensible and useful program as outlined in the Bill. Jobs For Youth can only help a fraction of those tens of thousands of people here in Chicago who need jobs

-- and need them now. We place people in jobs that exist. We do not create jobs. This work needs to be done, we have the people who can do the work, and with this Bill -- at long last -- you are showing a willingness to get started.

I would now like to comment on a couple of specific points in the Bill. First, under Section 5 - District Executive Council, paragraph (d) - Limitations on Administrative Costs, I quite agree that as small a portion of the allocation as possible should go for administrative expenses. However, I would like to caution the Committee that the more substantial the qualifications for people to be served under the Bill, the greater the administrative expense. As you may know, the Jobs Training Partnership Act has detailed and extensive qualifying requirements for services with, I believe, unrealistic limitations on costs to demonstrate compliance. Often, the administrative expenses have become masked as program related expenses which, in fact, they really are not. As you well know, Congress and the Department of Labor are working hard to get a handle on this problem. I think we can learn something here, and suggest that each administrative requirement set forth in the Bill be allocated a specific cost allowance for compliance, which could be based on the real world experience of other programs. If careful attention is given to the costs of administrative requirements at the front end, I think a lot of problems will be avoided later on, and these expenses can be controlled and tracked, and not obscured through clever accounting.

With respect to Section 8 - Local Jobs Project, paragraph (b) - Project Objective, while I quite agree on the importance of local control, it may be instructive to remember that the success of President Roosevelt's works programs had much to do with the independence of the administrators carrying out the programs. As the proposed Bill is currently written, it seems that the power of any two members of the Council to veto any proposed project is unlimited. That is, I suspect that this provision would be the source of a great deal of litigation, and generate endless regulations in an effort to set some standards to decline projects on the basis of what, as it now reads, could well be the whim of any two representatives on the Council. I know that this is a politically sensitive issue, and that the Subcommittee has to strike a balance between the ideal and the possible in developing the Bill, but I would suggest that if causes for veto are made more explicit in the Bill, it will solve a lot of problems in the future.

And, last, I would suggest that standards for selecting the types of projects to be supported be more clearly specified in the Bill. Certainly, we can combine jobs with meaningful work which will produce both productive Americans and structures of use and value to the larger community.

Again, thank you for providing me with the opportunity to speak to you today.

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Mr. HAYES. Ms. Bell?

STATEMENT OF PATRICIA BELL, DEPUTY DIRECTOR, CHICAGO ASSOCIATION OF NEIGHBORHOOD DEVELOPMENT ORGANIZATIONS (CANDO)

Ms. BELL. My name is Patricia Bell, and I am deputy director of Chicago Association of Neighborhood Development Organizations, CANDO.

We are a group of over 70 community organizations that are involved in economic development. We have been in existence since 1979, and we work out in all the Chicago neighborhoods.

I would like to address the committee, Mr. Chairman, Congressman Hayes and Congressman Savage.

Chicago's Department of Planning and Development last December released a west side industrial plan which designates numerous opportunities for industrial development: six sites of more than 40 acres suitable for new industrial parks plus 11 opportunities for industrial expansion ranging in size from 36 acres to nine acres.

The plan recommended $21 million of infrastructure improvements necessary to encourage such industrial expansion, but there is only funding available over the next 5 years for half of these projects.

Chicago's west side has particularly high unemployment. Before joining CANDO's staff in 1984, I worked several years in Lawndale. Jobs were needed then, and more jobs are needed now in this area of Chicago. Federal dollars are required.

Throughout the city there are infrastructure projects in search of funding. About a third of Chicago's 5 year, $2.5 billion Capital Improvement Program, or CIP, is earmarked for neighborhoods, yet $350 million of these neighborhood projects—42 percent of them—are presently unfunded.

A study released last week by the Neighborhood Capital Budget Group, whose testimony you will hear today, documents that completing these $350 million worth of projects will generate 7,794 construction related jobs.

That does not even count industrial jobs to be created and retained because these infrastructure improvements can encourage industrial expansion in Chicago's neighborhoods. We can work our way out of this recession by building the public works that are begging to be built.

That is why the bill which you are considering today is so important. The Infrastructure Improvement and Job Opportunities Act, H.R. 4122, is a good proposal for not only improving our communities, but putting unemployed Americans back to work.

In support of this legislation, CANDO offers a few observations. We welcome the concept of local district executive councils selecting the projects to be undertaken. However, in Section 5(a)(4) on page 5, we would recommend that representation also should include representatives of local community development corporations, or CDCs, in addition to the business, labor and educational representations.

C.D.C.'s are engaged in redeveloping the communities to be impacted. They should be involved in project selection and would

offer a vision for community development that this new program can help achieve.

In Chicago, CANDO members would have some concern over our local Private Industry Council, or PIC, being designated as the district executive council. We believe that our PIC could be more effective in working with local job training providers, and the Mayor's Office of Employment & Training could be more responsive to PIC direction.

As in any Federal initiative, we accept our responsibility to assure that Chicago politics works for the community good.

With regard to program eligibility in Section 6(b)(2) on page 8, we would note that the maximum family income of $17,000 a year should be higher than the maximum individual income of $17,000.

In these days of two-family incomes, you would not want to penalize a family where both parties have been laid off. While appreciating the effort to target benefits to those most in need, there are so many unemployed that you should consider raising the maximum income to qualify more persons as eligible beneficiaries.

If income varies significantly throughout the country, perhaps a formula approach could be taken to account for such differences in setting maximum income.

We appreciate the definition of job projects in Section 8(a) on page 10. It is important that any new Federal initiative for job opportunities also be geared to community development. This will increase our local tax base, as well as our local community spirit and pride.

One thing missing from the legislation that is vital for business development in Chicago is language requiring contracting setasides for minority and women owned businesses. I know, Congressman Savage, you said you had that included in your bill.

One final point is to encourage members of this committee to also support passage of the Human Resources Development Act of 1992 to be introduced this month in the House by Representative Matthew Martinez.

A companion piece, the National Community Economic Partnership Act, has already been introduced in the Senate (S. 1866). This bill will provide $250 million in new Federal funding for community development corporations working on economic development.

Let me conclude by sharing a quote that CANDO's executive director brought back from a study tour he did last year of community development projects in Scotland. John Anderson was convener of The Wise Group is Glasgow, Scotland. The Wise Group has become Britain's largest energy and employment initiative.

Mr. Anderson notes: "What could be more obvious than employing currently unemployed people to renovate run down areas while improving their skills and job prospects?"

Nothing is more obvious to us here in Chicago. This country just needs to do it. The Infrastructure Improvement and Job Opportunities Act is a good place to begin.

Thank you.

[The prepared statement of Patricia Bell follows:]

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MARCH 2, 1992

TESTIMONY BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
OF THE U.S. HOUSE OF REPRESENTATIVES'
COMMITTEE ON EDUCATION AND LABOR

by Patricia Bell, Deputy Director
Chicago Association of Neighborhood Development Organizations

Bitter Valentine's Day cards were received by Chicagoans on February 14th upon first reading a Chicago Tribune headline screaming: "Factory flight hits record pace." Then the front page offered a seemingly unrelated story detailing how the Cook County Board would be issuing $1 billion in new bonds over the next four years with 70% of that revenue earmarked for projects related to criminal justice. The first phase will raise property taxes by nearly $32 million.

These stories go directly to the heart of a dilemma that faces this country: Will the federal government authorize funding to retain and create jobs or will taxpayers be sentenced to years of paying for crime?

The city of Chicago lost 181 companies in 1991 according to the publishers of the Illinois Manufacturing Directory. Add those jobs to the 8,831 manufacturing jobs the city has lost from March 1989 to March 1991, according to the latest Where Workers Work published by the Illinois Department of Employment Security.

The federal government must devote new resources to economic development initiatives such as neighborhood infrastructure and industrial parks. City and state resources are not enough.

Chicago's Department of Planning & Development last December released a West Side industrial plan which designates numerous opportunities for industrial development: six sites of more than forty acres suitable for new industrial parks plus eleven opportunities for industrial expansion ranging in size from 36 acres to 9 acres. The plan recommended $21 million of infrastructure improvements necessary to encourage such industrial expansion. But there is only funding available over the next five years for half of these projects.

Chicago's West Side has particularly high unemployment. Before joining CANDO's staff in 1984, I worked several years in Lawndale. Jobs were needed then and more jobs are needed now in this area of Chicago. Federal dollars are required.

Throughout the city, there are infrastructure projects in search of funding. About a third of Chicago's five-year, $2.5 billion Capital Improvement Program (CIP) are earmarked for neighborhoods. Yet, $350 million of these neighborhood projects (42%) are presently unfunded.

A study released last week by the Neighborhood Capital Budget Group, whose testimony you will also hear today, documents that completing these $350 million worth of projects will generate 7,794 construction-related jobs. That does not even count industrial jobs to be created and retained because these infrastructure improvements can encourage industrial expansion in Chicago's neighborhoods. We can work our way out of this recession by building the public works that are begging to be built.

That is why the bill which you are considering today is so important. The "Infrastructure Improvement & Job Opportunity Act" (H.R. 4122) is a good proposal for not only improving our communities but putting unemployed Americans back to work.

In support of this legislation, CANDO offers a few observations:

- We welcome the concept of local "District Executive Councils" selecting the projects to be undertaken. However, in section 5(a)4 on page 5, we would recommend that representation also include representatives of local community development corporations (CDCs) in addition to the business, labor, and education representation. CDCs are engaged in redeveloping the communities to be impacted. They should be involved in project selection and would offer a vision for community development that this new program can help achieve.

- In Chicago, CANDO members would have some concern over our local Private Industry Council (PIC) being designated as the District Executive Council. We believe that our PIC could be more effective in working with local job training providers and the Mayor's Office of Employment & Training could be more responsive to PIC direction. As in any federal initiative, we accept our responsibility to assure that Chicago politics works for the community good.

- With regard to program eligibility in Section 6(b)2 on page 8, we would note that the maximum family income of $17,000 a year should be higher than the maximum individual income of $17,000. In these days of two family incomes, you would not want to penalize a family where both parties have been laid off. While appreciating the effort to target benefit to those most in need, there are so many unemployed you should consider raising the maximum income to qualify more persons as eligible beneficiaries. If income varies significantly throughout the country, perhaps a formula approach could be taken to account for such differences in setting "maximum income."

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- We appreciate the definition of job projects in Section 8(a) on Page 10. It is important that any new federal initiative for job opportunities also be geared to community development. This will increase our local tax base as well as our local community spirit and pride.

- One thing missing from the legislation that is vital for business development in Chicago is language requiring contracting setasides for minority and women-owned businesses.

One final point is to encourage members of this Committee to also support passage of "The Human Resources Development Act of 1992" to be introduced this month in the House by Rep. Matthew Martinez (D-CA). A companion piece, "The National Community Economic Partnership Act," has already been introduced in the Senate (S.1866). This bill will provide $250 million in new federal funding for community development corporations working on economic development.

Let me conclude by sharing a quote that CANDO's Executive Director brought back from a study tour he did last year of community development projects in Scotland. John Anderson was convenor of The Wise Group in Glasgow, Scotland. The Wise Group has become Britain's largest energy and employment initiative. Mr. Anderson notes:

> "What could be more obvious than employing currently unemployed people to renovate run-down areas while improving their skills and job prospects?"

Nothing's more obvious to us here in Chicago. This country just needs to do it. The Infrastructure Improvement & Job Opportunity Act is a good place to begin.

Mr. HAYES. Thank you.
Mr. Moore?

STATEMENT OF ANTJUAN MOORE, PARTICIPANT, JOBS FOR YOUTH/CHICAGO

Mr. MOORE. How are you doing, Mr. Chairman, Mr. Hayes? I am glad to be here before you today, and I also have some things I would like to share with you.

I am a 21-year-old African-American living in Chicago. I once worked for the Ravel Company, located at 26th and Western, as a forklifter. The company moved. I lost my job.

I have made every attempt to find new employment in my community, as well as the north side of Chicago. When filling out applications, I was told do not call us; we will call you. I guess many of you have heard that a lot.

The few times I have been called in for an interview I was given a very cold reception or told the position was filled. Because of transportation, I cannot go to the far northwest suburbs. I looked and looked. My skills could be considered general machinery, and it appears that they are no longer good enough.

People like myself need government assistance in finding new work and new skills. The loss of work affects all of us as American citizens.

Because of this I started Jobs for Youth about a year ago. As a young African-American male, I came to Jobs for Youth because I needed to do something with my life. I dropped out of high school because of money pressure and lack of support from the public school system. I found out that life out on the streets was not easy.

I was attracted to Jobs for Youth because it could help me with my GED and getting a job. Since being at Jobs for Youth, I have seen many other students in my situation go on and succeed in getting their GEDs and jobs.

The type of training at Jobs for Youth has made me feel better about myself and changed my outlook on life. I see a chance for myself I did not see before.

In trying to be a man to my family, friends and society, I feel programs like this one should be supported by our government because of what they can do for people like myself. I feel better about myself. I have made improvements in reading, writing and math. I know how to present myself to others.

If I have any impact, please understand that if it was not for this program, I could be sitting right now in a courtroom instead of this hearing.

Thank you.

Mr. HAYES. Thank you.

You mentioned you once worked at the Ravel Company?

Mr. MOORE. The Ravel Company unloading and loading trucks.

Mr. HAYES. But the company moved to a different location?

Mr. MOORE. Indiana. They moved to Indiana.

Mr. HAYES. They moved to Indiana?

Mr. MOORE. Yes.

Mr. HAYES. Did you receive training through that company to load trucks or whatever you were doing?

Mr. MOORE. No. What it was, I had came from down south. I stayed down there for 2 years or 2½ years and moved back up to Chicago with my family. I had a lot of training with machinery, you know.

I had a friend that told me about the job. They were hiring at Ravel Company, so I went and applied and got hired. It seemed like no sooner than I got hired they moved, and I got fired. It was just as simple as that.

Mr. HAYES. You were notified well in advance of the movement of the company?

Mr. MOORE. Yes, I was. They told me they were moving. Yes, I was.

Mr. HAYES. They did not offer you the right to go with them, did they?

Mr. MOORE. Yes, but the move would have been difficult because of the fact that I did not have anybody to live with there. I could not transport myself to——

Mr. HAYES. They knew that, though?

Mr. MOORE. Yes, they knew that.

Mr. HAYES. All right. Go ahead, Mr. Perkins.

Chairman PERKINS. I thank you, Mr. Chairman.

Jack, do you have any suggestions for insuring coordination between the executive council and the existing Private Industry Councils?

Mr. CONNELLY. That is an easy question, is it not? I think that Ms. Bell offered an excellent suggestion that it have some sort of community representation on it, whether it is a group like CANDO or a CBO, and that they have some equal input into it. I think that is important.

Right now in a lot of communities the Private Industry Councils are almost operating in a vacuum. They have private industry members, but essentially they are directed by people who are working in the fields and who have the technical knowledge. I think I would like to see that change.

Could I add that in your drafting of the bill when you talk about progress in school, Antjuan is the type of person you must have been thinking of.

When he could not find work, he came back into a program to finish his high school diploma. He is working on that now. He is almost through, and then he wants to take that and get a job.

This is a living example of precisely the type of people I would hope you were thinking of when you wrote that section of the bill.

Chairman PERKINS. Ms. Bell, I agree with your comments about the correlation between crime and unemployment. I would also add that the same correlation exists between crime and illiteracy and unemployment.

Has CANDO had any success in attempting to obtain some of the $1 billion in new bonds from Cook County for projects involving criminal justice?

Ms. BELL. I think that is one we missed.

CANDO is, as I mentioned to you, a coalition of neighborhood organizations. Three years ago we drafted an eight part capital improvement fund, you know, looking for different sources of financ-

ing community development. That was not one of the areas that we were looking at.

One of them was floating a $10 million bond for infrastructure improvements out in neighborhoods and using community development funds for site selection for short term financing. There were a couple others that had been used.

We offered them. We did not get the credit for them. The city, you know, just took over the credit, but at least some of that is happening.

I think Jackie Leavy from the Neighborhood Capital Budget Group will probably mention some of the other sources that have been explored.

Chairman PERKINS. For any of you, I am just wondering what types of skills do you see necessary for providing the type of training necessary to get a job in this environment?

Mr. MOORE. I figure if we had enough skills that was provided for the people, it would not be a matter of what skills you would take. It would be a matter of what skills they are offering you.

Sometimes you just do not have the choice to take the skills or not. If you are not qualified for a job and your jobs are limited as far as machinery, you got to find some other course. You cannot keep on questioning because you are stuck.

I figure if they are going to offer you median skills and the skill that you already know is taken up, you have no other choice but to go with the alternative that you have and the one they are offering you.

Mr. CONNELLY. Can I answer that?

Chairman PERKINS. Sure.

Mr. CONNELLY. We will work with about 300 different area employers. They range from white collar Arthur Andersen type jobs on through jobs in the trades. We have never, ever, ever had an employer with respect to newer workers say to us give us someone with A, B, C and D.

We have had employers ask to be sent people who are trainable, who have acquired basic literacy, who can think, who can read and write, and who can communicate. They will train them themselves. I think that is probably a fundamental requirement for virtually any type of job. I see your proposed bill contains acknowledgement of that.

In Chicago especially with the drop-out rate, with the requirements for literary to do any type of work now, that is just absolutely essential for any type of job. I mean, the skills are going to change.

Ms. BELL. I would just like to add one idea. I think because there is what is called targeted industry in the State of Illinois, and Chicago in particular, I think job training in this area of the country should be tied into those targeted industries such as the printing industry. We also have food processing and electronics.

There are certain industries that are tied to the demographics of an area. Job training should be related to that.

Chairman PERKINS. One more question. Are most employers giving literacy tests?

Mr. CONNELLY. The test is given on the application. If you cannot fill out the application, you are in trouble.

Mr. MOORE. For some jobs they give you a math test and a reading test and stuff like that.

Chairman PERKINS. They are actually giving you a test?

Mr. MOORE. Yes, because when I was forklifting I was dealing with a lot of boxes, you know. It was soap material, you know. Boxes would come in. There would be 1,100 in a whole tray load. There might be 48 on a skid or something like that.

You have to know how to calculate. Then you have to know how to read your tally sheet or where it is located, so they did give us tests.

Mr. CONNELLY. Financial services, as a matter of course, do give tests as part of the screening. I am pretty certain. I may be incorrect, but I do not think so. First Chicago, Northern Trust Corporation, American Express Corporation give tests simply to screen out people who have the basic skills to be trained.

Chairman PERKINS. Thank you very much.

Mr. HAYES. So I do not lose my own thought, just last week we had a hearing of our full committee on this whole question of the elementary and secondary level talking about the need for training kids as early as the fifth and sixth grades in math and science and technology because these are the areas where jobs are going to need people.

There is a contradiction there, as some of us brought out. Maybe you can address this if this is the case. A lot of our elementary schools, and secondary schools as well, they do not have access to these kinds of subjects.

Some of us think it is not an accident. We think it is by design that they do not have the kind of curriculum or funds for these kind of curriculums so the kids can do it.

Consequently, what they are given, particularly when it comes to vocational education, are courses that—I am not against being a cook or a waiter. I cook myself.

Chairman PERKINS. We both love to cook.

Mr. HAYES. When you are talking about the future and the kind of employment that is going to be available, they are hooked into that technology which is so important, which you mentioned.

I think you said you took some math I guess. You learned some math and how to count the number of boxes on a pallets. I did that too when I was hauling meat in the stockyard.

We have moved on to the stage now where employment is going to be in these high tech areas. They are crying for engineers. They are even advertising now over some of the TV programs the need for engineers.

We had people who testified before our committee that they had to go overseas to find an engineer in some other country. We are not training them here.

Mr. CONNELLY. We work with kids who come from low income homes. They are by every measure the people in the inner cities who are on the bottom rung economically.

When kids come into the basic skills programs you could do a Bell jar, and you are going to have just as many smart kids as you do in Winnetka and just as many dumb kids as you do in Winnetka.

The only difference between the kid in Winnetka and the kid from the inner city is he knows what he sees. He has not seen the books. He has not had the exposure to the things you are talking about. You are absolutely right.

Mr. MOORE. Excuse me. I would like to say something. One thing I would like to say is since I have entered Jobs for Youth, you know, I see a change in my life. I see a change.

Beforehand I was what you call a street thug. I was kind of one of the bad, tough guys. I was always thinking that was a hip thing to do. I started gradually losing interest in the street gangs because the street gang was going to always be there. I would never make enough money that way. All I was doing was getting in trouble.

I came to Jobs for Youth and got in the program. I thought it was going to be like school, you know. The teacher was going to give you some homework and that was it. They would pass you on through. You have some kids that do not really know the work and still make it through high school anyway. I say some; not all.

In Jobs for Youth it is like a big family. They show you work, and they show you their appreciation of you being there and their appreciation of you coming and trying to make a better life for yourself. That is what really kept me going.

They also really motivated me to say hey, later for this. I got something with this. That is the goal of furthering my education and doing what I have to do to make it in society.

Ms. BELL. May I just make one comment? I am a proponent of manufacturing certainly. When I worked in Lawndale I was in and out of a lot of companies to see what was being made.

The United States at one time was the leader in manufacturing. I would love to see that return. We should take claim to that. We are the greatest of investors. It happened here. I would like to see that happen again.

There has to be some funding for just research and development. That has never been a component, and yet it is necessary because in order to develop anything you have to research it in order to make it.

We do need all of this. It is all related to job training and employment opportunities.

Mr. HAYES. Congressman Savage?

Mr. SAVAGE. Thank you, Mr. Chairman. Mr. Connelly, let me understand better your operation of this Jobs for Youth. Are you mainly in training or in placement?

Mr. CONNELLY. We are mainly in 1 month pre-employment training and unsubsidized job placement.

Mr. SAVAGE. What do you mean by unsubsidized?

Mr. CONNELLY. Well, we mean that they are private sector jobs that are existing without——

Mr. SAVAGE. So you are in both training and placement?

Mr. CONNELLY. Right.

Mr. SAVAGE. What is the source of your funding?

Mr. CONNELLY. We are like Willie Sutton robbing banks. We get it wherever we can. This year 40 percent is government funds.

Mr. SAVAGE. What government funds?

Mr. CONNELLY. Jobs Training Partnership Act, Welfare Reform.

Mr. SAVAGE. I meant the agency. The local government of Chicago?

Mr. CONNELLY. Yes, the Mayor's Office of Employment and Training, Cook County President's Office, the Illinois Department of Public Aid. Sixty percent is private funds.

Mr. SAVAGE. How do you view the proposal to increase vocational training in the junior college system?

Mr. CONNELLY. I could only speak from my experience with young people I work with. We see so many people that do not have a basic education. Once they get that under their belt, they should go into the arts and the sciences.

A concern I would have with pumping up vocational education is they are not doing enough before the learner gets to that point. If I had the choice, I would like to strengthen basic programs before we get to the vocational education. I do not think we are doing enough there.

Mr. SAVAGE. What about the Washburn School experience, which is at the high school level?

Mr. CONNELLY. Right. I cannot speak to that.

Mr. SAVAGE. Did you favor it; that is, where they were not even waiting until the junior college level? They were taking people into the Washburn Trade School and assuring them admission into apprenticeship training in the craft unions.

Mr. CONNELLY. Surely. Surely. Yes.

Mr. SAVAGE. If you favor it at the high school level, why do you not favor it at the junior college level?

Mr. CONNELLY. Because I think that those options are not—because I think what is happening, at least in the city of Chicago, is we see a lot of people who otherwise would be going on to junior college and a 4-year college not being given that option.

Mr. SAVAGE. I see.

Mr. CONNELLY. That is what I am concerned about, not that we do not have good vocational programs.

Mr. SAVAGE. What would you propose then as an avenue towards improving vocational training?

Mr. CONNELLY. I really cannot answer that question. I really would have to study it more.

Mr. SAVAGE. Is that not one of the problems here, though——

Mr. CONNELLY. Yes, absolutely.

Mr. SAVAGE. [continuing] with regard to the labor market that there has been a reduction in skills as a consequence of projects such as the Washburn School project being moved into the suburbs?

Mr. CONNELLY. We are running a basic education program by default at Jobs for Youth. I would rather not do it. It is being run by private money. I cannot find anywhere to send my young men and women where they can get those basic skills.

When you are talking about vocational education you might as well be talking about the moon. It is a terrible, terrible problem.

Mr. SAVAGE. Do you feel that the craft unions and the city administration are more part of the solution than they are the problem?

Mr. CONNELLY. We have not had a great deal of luck in getting our young men and women placed with craft unions.

Mr. SAVAGE. So you see then the craft unions are part of the problem?

Mr. CONNELLY. I would say it has been difficult for us to work with them.

Mr. SAVAGE. What about the reports that the city has been laying off blacks disproportionately in the current lay-offs? Do you see that as an indication that the city may also be a part of the problem because of the administration?

Mr. CONNELLY. I think that when we have a recession going on and the government starts laying off people that is certainly not a good decision.

Mr. SAVAGE. I do not mean just laying off people. I said blacks—laying off blacks disproportionately.

Blacks were in double digit unemployment prior to this so-called recession. We were already in a recession on the way to a depression.

If the reports are correct and the city laid off blacks disproportionately, does that not especially aggravate the situation?

Mr. CONNELLY. I would think any disproportionate lay-off—by proportionate do you mean they should lay off——

Mr. SAVAGE. Laying off blacks in greater proportions than they are——

Mr. CONNELLY. Than they are laying off whites?

Mr. SAVAGE. [continuing] the component of those employed.

Mr. CONNELLY. That would certainly not be good, no.

Mr. SAVAGE. You are interested in training and placement. Do you have any component in your programs or activities to try to discourage that; that is, to try to encourage the craft unions to permit blacks fairly and proportionately into their apprenticeship programs on one hand and to discourage discriminatory lay-offs on the part of the city administration on the other?

Mr. CONNELLY. We are apolitical. We are a non-profit charity.

With respect to an administration's policy, we are for employment for everyone. With respect to the craft unions, I can only repeat that every effort we have made to work with them has been unsuccessful. We have tried.

Mr. SAVAGE. I have just a question of you, Ms. Bell. You mentioned the industrial parks. In the need for funds to develop industrial parks have you found that you have manufacturers waiting; that is, you have the possible tenants waiting for the development, or are you talking about the development as a way of enticing tenants?

Ms. BELL. We are trying to deter some of these manufacturers from moving out of Chicago by creating industrial parks so that we are in fact competing with suburbia and what they are offering.

Land is a little bit cheaper in the city right now, so rent could be offered cheaper. We are hoping that companies will move maybe from one area of the city to another area of the city rather than moving out.

Mr. SAVAGE. What are you proposing to attract them, subsidizing the land acquisition?

Ms. BELL. Well, yes, some of that, plus, of course, some of the benefits of enterprise zones.

Then there is a ready labor market that is in Chicago that might not be found in other parts. You know, out in suburbia there is transportation taking workers out to suburbia now because that is where, of course, a lot of jobs are.

If a company locates in Chicago, there is a ready employment base right here in the city.

Mr. SAVAGE. Is there not already vacant industrial space in place, for instance, on the southeast side where you have infrastructure already in place?

Are there not plenty of vacant industrial sites the companies could use without having to develop further industrial parks?

Ms. BELL. Yes, but you have to build these parks for them to move in.

Mr. SAVAGE. But there is space there vacant?

Ms. BELL. There is some land, yes.

Mr. SAVAGE. Not just land. There is space——

Ms. BELL. There are a lot of vacant buildings.

Mr. SAVAGE. [continuing] on the southeast side where the infrastructure is presently in place?

Ms. BELL. Yes. Maybe the southeast side may not be the best place we want to use because we do not know if there is a third airport whether or not that is going to be a good place.

Mr. SAVAGE. This existed long before the proposal regarding the third airport.

Ms. BELL. All right.

Mr. SAVAGE. At the time there were proposals for public funding or further industrial park development, such as the one on the northwest side, there was already industrial space in place prior to the proposal for a third airport.

Ms. BELL. Yes. Well, this is what the city is planning. You know, CANDO did not have anything to do with this.

Mr. SAVAGE. I was just trying to get you to respond because you said your interest was in manufacturing.

Ms. BELL. Yes, it is.

Mr. SAVAGE. How did you view the proposal of using public funds for further development of industrial sites or industrial parks when there is already industrial space in place?

Ms. BELL. But the infrastructure is what is needed to be replaced in these areas.

Mr. SAVAGE. On the southeast side the infrastructure is there. It is just the businesses are gone.

Ms. BELL. Yes. We know. We know.

Mr. SAVAGE. The district that I represent extends all out through southern Cook County. We have plenty of shopping centers. What we are short on are customers.

While industrial parks are nice and you can take some more Federal money and put down, what you are short on often are the manufacturers.

Ms. BELL. Yes, but again, manufacturers keep leaving the city. We hope we can deter that by providing them with a suitable industrial park that many of them are moving to. That might not be the answer.

Mr. SAVAGE. Do you think the enterprise zone concept would serve that purpose also?

Ms. BELL. No. No, because in a lot of the areas where some of the enterprise zones are, a lot of them do not even take advantage.

We are talking about tax credits. That is primarily all you are going to get in an enterprise zone is tax credits. That is not the answer to that question at all.

Mr. SAVAGE. Thank you, and thank you, Mr. Chairman.

Mr. HAYES. Thank you.

Mr. SAVAGE. May I excuse myself, Mr. Chairman?

Mr. HAYES. Yes.

Mr. SAVAGE. Let me again commend you and Chairman Perkins for coming to Chicago and focusing attention on what in my estimation is the number one problem in America today.

Mr. HAYES. Thank you. See you back in Washington.

I want to thank this panel for your contributions. Your entire statements will be made a part of the record.

I would like to call on the final panel of community based organizations. Ms. Jacqueline Leavy is the director of Neighborhood Capital Budget Group; Betty Willhoite is on the employment committee of the League of Women Voters of Chicago; and Leigh Diffay is vice-president of human development of The Woodlawn Organization.

I understand you have some time constraints that you are operating under, Ms. Willhoite, so we will call on your first.

STATEMENT OF BETTY WILLHOITE, EMPLOYMENT COMMITTEE, LEAGUE OF WOMEN VOTERS OF CHICAGO

Ms. WILLHOITE. Thank you very much. As a member of just a plain citizen advocate group, we appreciate very much this opportunity.

The League of Women Voters of Chicago applauds the introduction of the Infrastructure Improvement and Job Opportunities Act. It proposes action supported by the League since 1963 from our basic position of equal access to employment. That position was necessarily soon expanded to include job creation and training.

The twin purposes of the Act are a well-honed response to a crisis. The bad news is that Illinois is setting records in every category: 1.3 million on welfare in this State, an all-time high; Illinois prison population growth rate faster than any other States, now 44 percent above capacity; State jobless rate in January the worst in the Nation.

Further, the trends which prompted your legislation are a truly a fire bell in the night. The legendary South Works steel plant will close in April. Chicago lost 181 manufacturing firms in 1991 and 125 in 1990; in fact, half of its manufacturing base in 20 years.

The crowning blow is the end of the service sector boom, never an adequate entry wage replacement for manufacturing, now sliding with the down turn in consumer confidence, clearly, an alarming spiral with impacts large and small. Large—a severely weakened economy. Small—the individual calamity of joblessness.

A chronic factor as mentioned before is the unemployment undercount—at least 7 million above the 9 million officially counted.

The public vehicles intended to bridge gaps are woefully inadequate. JTPA serves 3 percent to 5 percent of the eligible popula-

tion. The Family Support Act Title II JOBS Plan in Illinois ran out of money in 6 months. Both are under review and may be strengthened.

Much will depend, as indicated before, on the budget debate and the growing demand to knock down the walls and claim military savings for the home front like the west and south sides of Chicago.

Meanwhile, the contrast with our trading partners is sharp. We are last among industrial nations in job training. We have cut public works investment by a third in the past decade.

Felix Rohatyn estimates a $2 trillion backlog in infrastructure maintenance. Japan plans to spend $3 trillion on public works in the coming decade.

Of particular significance and also addressed by your Act are studies showing that America's schools are in ruins. In Chicago, 1,200 building emergencies per month are a threat to both education and safety. Chicago factory owners complain about potholes and collapsed sewers.

Concurrent with rising needs, welfare reform, so-called, has moved on to the political agenda. Budget crises have forced 40 States to freeze or cut grants, along with a variety of work and training requirements.

Reducing or eliminating general assistance is a nationwide trend, again assuming a move to jobs. What jobs? Nine thousand people lined up in the snow for 500 Sheraton Chicago jobs tell the story.

The present public policy is badly out of touch with reality and history. Start with the loss of family supporting jobs, the magnet that drew the current generation's fathers and grandfathers to the big industrial centers, a decline that drops like a stone now with the collapse of the auto industry.

Add general downsizing in both public and private sectors, and you have a stranded population now blamed and neglected and punished.

Measures to cope again are pitiful. Job training, next to housing, took the biggest hit in Federal budget cuts. In fact, the deficit created by the 1982 tax cuts and the military build up has paralyzed public dialogue on major economic shifts and their impact.

That dialogue clearly should center on updated training and retraining needs and job creation as proposed by your bill. The key element now is public works, both as a source of jobs and as essential base for private investment.

Successful models abound. You have heard the Jobs for Youth program. It is wonderful. The League employment committee hears reports frequently on projects like the Horner Association of Men engaged in rehabbing public housing units. The Safer Foundation offers a bridge to employment and respect for persons emerging from prison.

We like the design and scope of your Act. We do anticipate, as mentioned, negotiation on local and Federal authority over project selection. We urge coordination with major systems, especially the Departments of Public Aid and Community Colleges.

The job ready and the recently laid off certainly merit help into a livable income, but our main concern is the generation on our streets. We will watch to make sure of targeting to their complex needs.

The only source in scale with the range of needs is the Federal Government. The CCC, gratefully remembered, helped 3 million young Americans and their country, and it saved my State of South Dakota, Congressman Hayes, by the planting of the Green Belt.

Two boys were killed in a New York high school last week. A school doctor said they had stopped believing in tomorrow a long time ago. He also said it is possible to reclaim some of the lost youth, but it requires, a plan and a commitment for their sake and ours.

We certainly thank you.

Mr. HAYES. I know you have to go, but in order to accommodate your schedule, should we have questions that we want to ask of you could we send it to your organization directed towards your attention and you would respond?

Ms. WILLHOITE. Yes. We would certainly welcome it. This is one of our top priorities. It always has been.

Mr. HAYES. Thank you very much for appearing.

Ms. WILLHOITE. Many thanks to all of you and for doing this here.

Mr. HAYES. Ms. Leavy, go right ahead.

STATEMENT OF JACQUELINE LEAVY, DIRECTOR, NEIGHBORHOOD CAPITAL BUDGET GROUP

Ms. LEAVY. I guess I am the new kid on the block. My name is Jackie Leavy, and I am the director of an organization called the Neighborhood Capital Budget Group.

In addition to our written statement, we wish to enter into the record a couple of other important documents we have provided to the subcommittee staff today. One is a recent editorial by the Chicago Sun-Times which points to the demise of Chicago's infrastructure and its direct economic impact on Chicago industry.

Ms. LEAVY. Depicted is a gentleman who works for an industrial company on the northwest side who has waited for 20 years for the City of Chicago to rebuild the street on which his plant sits.

The company is now owned by a British parent company. Whenever the parent corporate executive comes to town, it is a major moment of embarrassment when 20 years later this particular street is still not fixed.

There are 800 living wage jobs on that street, yet somehow the City of Chicago, through successive administrations, has not been able to scrape together the $1 million to replace the 70-year-old sewers and the dirt industrial street in order to say to industry, some of it domestically owned, as I say, and some of it new investment that we have attracted from overseas, that yes, you are welcome here. We want your good paying jobs to stay.

In the editorial the Sun-Times salutes the study that Neighborhood Capital Budget Group released last week which documents the dramatic economic benefits of increasing investment in infrastructure both in terms of private sector productivity and private sector investment and also in terms of creating jobs.

It says that NCBG has made the case that the City of Chicago cannot afford not to fund its infrastructure needs. I would submit

to the committee today that Chicago is a microcosm of the Nation, and America cannot afford not to enact something of the likes of H.R. 4122.

We are also providing you with three copies of the full study. The pink sheet that we are also submitting to the record documents for you that for the modest investment of $350 million in infrastructure projects, most of it in Chicago's neighborhoods for public buildings, for sewers and streets and other infrastructure that is helpful to retaining the manufacturing base, the City of Chicago could hope to see nearly 8,000 jobs generated over the next 5 years, an increase in total economic output of nearly $1 billion, new income generated to put in the pockets of workers in excess of $394 million and nearly $6 million in savings to the State of Illinois in transfer payments.

Ms. LEAVY. This makes economic sense. What your bill proposes makes economic sense.

To draw from our formal testimony, let me say that the legislation that you are proposing addresses both the need for increased public works and the need for employment opportunities for our people.

Why should Americans go hungry, lose their homes and face the other devastating consequences of unemployment when the Nation has real work that needs to be done?

We applaud the subcommittee for embracing what common sense has told many of us for years—that there is plenty of work to be done and plenty of Americans to do it. Now we must clear away the political and bureaucratic barriers that keep us from putting the two needs together.

Our organization is only about 3 years old. We are kind of a unique initiative of bringing grassroots community people into planning for infrastructure improvements for their communities. We are scrutinizing the city's capital budget trying to make it be more responsive to the needs of neighborhoods.

Citizens who live in our older cities have in fact experienced a form of redlining. As our public investment in the infrastructure has declined over the last 10 to 15 years, people feel they have been redlined. They have been redlined by their own governments—Federal, State and local.

As Betty pointed out in her testimony, our infrastructure investment is a fraction of what it used to be. It is less than one-tenth of 1 percent of the gross national product. It is way below what Japan and western Europe invest in their infrastructure.

There has been a growing body of economic studies that says that there is a direct link between private sector productivity, economic prosperity and the ability of an economy to generate jobs.

CANDO also cited our study, and I hope that the members of the committee will have an opportunity to read it at your leisure.

We just looked at a real case history. We are providing you with some direct research that documents precisely what the bill is asserting. You have a living case study in front of you in the form of our study.

The City of Chicago needs about $350 million to fully fund its capital program. To make that modest investment, we would see an economic pay back and a human pay back far exceeding the initial

cost of that investment. We have even found a way for the City of Chicago to do it without Federal help by issuing a general obligation bond that would not even raise property taxes.

There is beyond this initial round of capital improvements many more infrastructure needs in Chicago and in the Nation, and certainly Federal help will be needed to more adequately fund that.

The bill certainly warrants all of the praise it has received here today. We would again, though, like to offer a few constructive suggestions to the subcommittee.

In reviewing the bill we have a particular concern and interest in getting citizens involved in planning for the implementations of initiatives like this. The district councils have been mentioned by other people testifying today.

We also are concerned about the issue of coordination with preexisting entities like the Private Industry Councils, the community development block grants, citizens advisory committees and so on, and the selection of the work projects and placing unemployed people in the work opportunities and bringing those together in practical terms.

We have seen in our efforts to reform city government in Chicago we get much better outcomes when ordinary citizens have a direct voice in the strategic planning of programs and initiatives like these.

We have also learned the hard way that the best of intentions are undermined when there is not really careful attention paid to coordination between various levels of government and between government and its citizens.

However you choose to structure these councils, we would recommend that you include community and business leaders from the grassroots population and that a key partner in these district councils should not just be the formal PIC, but should be the actual practitioners, the community based job training agencies, that have the history of assisting the unemployed.

Many of these community-based job training agencies are partners with us in Neighborhood Capital Budget Group coalition. They are governed themselves by direct community input, and they often operate in direct partnership with local employers and unions and, therefore, are uniquely informed to help in implementing this type of initiative.

Secondly, we would recommend that these district councils will have to insist upon regular communication with the local and State agencies not only charged with responsibility for job training, but with the local and State agencies that are charged with public works. That is going to be a key to the success of the Act.

Another important issue we would urge the committee to study a little further is the funding of public works. I am glad to hear about the mutual support between Congressman Savage's bill and your own, Congressman Hayes.

There are a couple of different issues here. One is that public works are not adequately funded neither in Chicago nor in the Nation. We must make the national commitment for increasing a new increase in our investment in our public infrastructure.

It would be nice to have a little bit further clarification in your particular bill as to what portion of the appropriation would actu-

ally help to pay for public works projects that are selected as work projects and what portion of the appropriation will help to fund the job training and placement services called for under the bill. A little bit more detail and clarity there would be very helpful to the public.

We certainly hope that the legislation can help to address increasing access to job opportunities for public works projects that are already in the pipeline. We do have some investment going on in public works, but there continues to be questions of access and barriers to employment.

Also, we think it is important for the subcommittee to understand that the jobs impact, as our study proves, is not just on the construction site of the public works project. It is a kind of a trickle out effect.

I think it would be very important for the subcommittee to look for wording that would encourage the employment of the unemployed not just on the construction site, but in the industries that will be providing the materials and other support services for the construction activities.

Again, working with our partners in job training we think that it would be important to carefully evaluate what are the barriers to employment that people face today so that we can fine tune the bill as much as possible and design an effective program that will help us overcome some of those barriers to employment that do exist in the workplace right now.

Finally, I must say we deeply appreciate this initiative. Three years ago when I started this job people thought I was sort of crazy that I was going around talking to block clubs and chambers of commerce and ordinary Jane Q. Citizens about infrastructure and public works. People thought it was sort of nutty. You know, people do not have time to be worried with this.

What is the big deal? How can you get a grassroots citizens movement to be concerned about making public works programs better? In fact, we have seen in the light of this recession how very vitally important it is.

The ordinary person does understand, whether you lived through WPA and CCC or not. I did not live through it, but I can remember my grandparents and parents talking about it. We must not forget our history.

This bill is a great start toward forging a national policy, but what we really do need is a national policy for investing in our human and physical capital. That is a long overdue policy.

We are going to have to commit to do some very hard work to find some solution. We are facing an economic state of emergency in our cities and Nation.

Unless we follow through on initiatives such as you are offering, we believe that unemployment and the hardships it represents for American families will continue to eat away at the real strength of our Nation.

We want to thank you for your efforts, and we would be very happy to provide any additional data and documentation that we could in support of your effort.

Thank you very much.

[The prepared statement of Jacqueline Leavy and attachments follows:]

Chicagoland

Chicago Tribune Tuesday, February 25, 1992

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Infrastructure work could pump $880 million into city, study says

by Patrick T. Reardon
Urban affairs writer

Chicago's economy could receive a nearly $880 million shot in the arm over the next five years if Mayor Richard M. Daley orders $350 million in neighborhood infrastructure improvements, according to a study by a former economist with the city government.

And it probably could be done without a property tax increase, said Phillip H. Sandro, an economics professor in the urban studies program of the Associated Colleges of the Midwest.

Sandro, who worked for the city from 1986 through 1989 helping city officials do economic forecasts, used the city's own economic forecast computer model to estimate the impact of the neighborhood improvements.

His study, which is to be released Tuesday, was commissioned by the Neighborhood Capital Budget Group, a coalition of 75 neighborhood groups.

The $350 million in neighborhood improvements, which include industrial streets, neighborhood streets, sidewalks, libraries and health centers, are part of the city's $2.5-billion capital improvement program for 1992 through 1996, but, unlike other portions of the program, they are unfunded.

"This is chronic," said Jackie Leavy, the executive director of the coalition. "When there's a gap, it's the neighborhood projects that tend to fall in the cracks."

Sandro said Daley could fill that gap by selling revenue bonds to raise the $350 million. And, he said, there would be two sources of money to pay off those bonds without raising property tax rates.

One would be the savings that the city can expect when its debt payments sharply drop over the next two years. This year, those payments are $59.1 million, but they will fall to $48.8 million in 1993, and to $23.1 million in 1994, he said.

And, for more than a decade, they are scheduled to remain between $20 million and $30 million a year, he said.

The other source would be the increase in wages and business profits that would result from such neighborhood improvements and would lead to higher tax payments even without a rate change, Sandro said.

He predicted that 7,794 construction and construction-related jobs would be created by the $350-million neighborhood program.

Leavy noted that, for decades, the city has been suffering from a flight of manufacturing jobs to the suburbs. She said the neighborhood improvements would be "an immediate way to give image to a struggling economy and get the city moving."

She acknowledged that it would be politically bold for Daley to seek $350 million through revenue bonds, but said he had acted boldly in working to get Lake Calumet on the city's Southeast Side chosen as the site of the new regional airport.

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THE ECONOMIC IMPACT OF A FULLY FUNDED CIP"

FACT SHEET

What: An economic impact analysis of fully funding the un-funded portion of the City of Chicago's 1992-96 "Capital Improvement Program" ("CIP")

How: Computer Forecasting Model, a nationally known & used technique employed by government, academia, and the private sector

Model: City of Chicago's model-the "REMI" Model (Regional Economic Models, Inc.), Amherst, MA. Uses Chicago-based data. On loan to NCBG from the City of Chicago.

Data: City of Chicago, Office of Budget & Management, Draft 1992-96 CIP (8/91), and final published version of the 1992-96 CIP. (OBM list of 1992 "Fast Track" program was also examined, but not used as input for REMI.)

Modeler: Phillip H. Sandro, Ph.D.,Economics. When a city employee, Dr. Sandro selected the model for the City, trained its users, and coordinated its use among development departments (1986-89).

RESULTS:

* TOTAL EMPLOYMENT 1992-96: 7,794

(Annual Avg. Employment: 1,558 (1992-96)

* TOTAL ECONOMIC OUTPUT: $879.5 MILLION INCREASE BETWEEN 1992-96

(Yearly avg. increase in output: $175.9 Million)

* INCOME GENERATED: $394 MILLION over 5 years

* SAVINGS TO STATE OF ILLINOIS IN TRANSFER PAYMENTS: $5.4 MILLION (1992-96)

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"JOBS & ECONOMIC VITALITY:
THE ECONOMIC IMPACT OF A FULLY FUNDED CIP"

Financing

* INTEREST RATES AT RECORD LOW: Interest rates have "bottomed out". Alan Greenspan, Chair of the Federal Reserve, stated in early February 1992 that he did not expect interest rates to drop any lower.

  Bond inssuances by local governments are unusually affordable inthe current climate of low interest rates (6-7% range).

* DECLINING PRINCIPAL PAYMENTS: A WINDOW OF OPPORTUNITY

  Between 1992-96, Chicago's annual principal payments on long-term debt will decline significantly, and will stay well below current levels into the 21st century. The decline in principal payment between 1992-94 is nearly $36 MILLION.

  This represents a "window of opportunity" to replace old debt with new capital for infrastructure investment. Replacing old debt with new debt = no property tax increase.

"Maturation Schedule for G.O. Bond Debt"
(Source: The Civic Federation)

Year	Amt.(in 000s)
1992	$ 59,100
1993	$ 48,835
1994	$ 23,115
1995	$ 25,060
1996	$ 26,655

* Annual Debt Service on a G.O. Bond of $350 MILLION, @ 7% interest rate (30 years), = $28.2 MILLION (principal + interest), $8 million less than the drop off in principal payments. Interest rates will be even lower.

* Cook County: Cook County plans to issue $393 Million in 1992, with an annual debt service of $32 Million (principal + interest), $4 Million less than the drop off in Chicago's principal payments. The County seeks a tax increase, however, because it lacks "the window" Chicago has in coming years.

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TESTIMONY OF THE
NEIGHBORHOOD CAPITAL BUDGET GROUP
To the U.S. House of Representatives'
Committee on Education & Labor
Subcommittee on Employment Opportunities

March 2, 1992

I. Background on the Neighborhood Capital Budget Group

NCBG is a city-wide coalition of more than 200 Chicago area organizations. Our coalition's participants include block clubs, community organizations, chambers of commerce and local industrial councils. For the past 3 years NCBG has been working from the grassroots for increased public investment in the infrastructure of our neighborhoods and basic "good government" reform of Chicago's capital program. The neighborhoods and citizens we represent regard the lack of adequate public capital investment in their communities as a form of redlining that has been perpetrated by our own governments--Federal, state and local--over the past 10-15 years.

The legislation being proposed addresses both the need for increased public works, and the need for employment opportunities for our people. Why should Americans go hungry, lose their homes, and face the other devastating consequences of unemployment, when the nation has real work that needs to be done? We applaud the Subcommittee for embracing what common sense tells us: There is plenty of work to be done, and Americans to do it. Now we must clear the political and bureaucratic barriers that keep us from putting the two needs together.

II. Summary of NCBG's Report

Recently NCBG commissioned a study by Chicago economist Dr. Phillip Sandro to investigate the effects on Chicago's economy if the city actively invested capital in our neighborhoods' infrastructure. This study, which I offer as part of my testimony to the Congressional Subcommittee today, shows the dramatic economic benefits that will result, if only we invest in our human and physical infrastructure.

As my colleague from the Chicago Association of Neighborhood Development Organizations (CANDO) has testified today, NCBG's

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study shows that Chicago would enjoy nearly a $One Billion growth in economic output and the creation of almost 8,000 jobs in the next 5 years, just by fully funding its own capital improvement program! This would require the modest investment of $350 MILLION. NCBG has proposed a way in which the City, without federal assistance, could do just that. The accompanying fact sheets on our study's results and the financing options highlight the key figures for you. The impact is a dramatic "jump start" for Chicago's economy.

III. Response to Proposed H.R. 4122

Beyond official plans, Chicago's neighborhoods and the nation have infrastructure needs we have not yet addressed. Expanding capital investment in public transportation, water and sewage treatment, recycling, and public facilities that serve our people (such as schools, hospitals, libraries) will have the kind of "jump start" impact on the nation's economy, especially if tied to local employment strategies.

Thus NCBG offers research that affirms the premise of this proposed legislation, that an investment in our human and physical infrastructure will produce economic benefits that far outweigh the costs of the initial investment. Our study particularly emphasizes the growing body of economic research that demonstrates the link between infrastructure investment and improving private sector productivity and increasing private sector investment.

But the coalition has always been concerned, like this subcommittee, with the employment impacts. There is great potential for positive impacts. But we must be careful in assessing what policy and programmatic changes are necessary to assure that unemployed Americans benefit from expanded public works efforts. NCBG urges the Congress to further investigate and reflect on the following issues before finalizing this legislation:

1. Strategic planning and citizen participation: While the proposed bill calls for "district councils" to be established, it is not clear how they will coordinate with other, preexisting boards, commissions and bodies such as the JTPA "Private Industry Councils." How will the selection of work projects and the placement of the unemployed in work opportunities be brought together in practical terms? Citizens must have a voice in the strategic planning for implementing such a program.

We have learned two things the hard way in our struggles over Chicago's capital program...A) Planning and implementation are most effective when ordinary citizens have a direct voice. And B) The failure to coordinate between levels of government and

between government and citizens undermine the best intentions. Whatever governance mechanism is adopted should then... A) Include community and business leaders from the grassroots, and not overlook participation by the unemployed themselves. A key partner that should be included are the community-based job training agencies with direct history in assisting the unemployed to overcome barriers to employment opportunities. Many of these agencies are governed themselves by direct community input and operate on direct partnership with local employers and unions. In Chicago, groups like the Greater West Town Project, the South Chicago Jobs Authority, and organizations testifying here today exemplify the actors with hands-on experience in making employment/placement initiatives really work at the community level.

B) The District councils directing the initiative must coordinate with and insist on regular communication with the local and state agencies charged with responsibility for both job training and public works. Without careful, consistent and deliberate efforts at coordination the initiative can easily fail.

2. Funding of Public Works: As NCBG's work in Chicago documents, a major constraint on the positive potential of this bill in the nation's failure to adequately fund local infrastructure needs. NCBG urges this Subcommittee to more closely examine the funding questions. For example, what portion of the funding authorization called for by H.R. 4122 would actually fund construction of public works, and what portion will fund the job training and placement aspects of the bill? Will this bill be part of a larger, national policy to renew and enlarge our commitment to public infrastructure investment? More detail and greater clarity would help the public better understand the bill.

This raises a closely related question: Will this legislation address the implementation of major public works projects already funded by Federal, state and local capital programs?? How will it insure that those most in need of employment get better access to job opportunities already in the "pipeline"? Can it suggest standards for encouraging the employment of those most in need, not only on the public works construction sites, but in the industries that provide the materials and support of the construction activity?

3. Barriers to Employment: NCBG proposes that the Subcommittee invest some time in working with community-based service providers and community organizations to identify and better understand the barriers to employment opportunities in the job categories affected by the legislation. In designing a successful program, we all do better when we don't reinvent the wheel, but learn from our own history. Some careful investigation and study of the barriers to employment will generate insights into how to best structure the implementation of H.R. 4122.

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In conclusion, NCBG's members deeply appreciate the initiative and concern expressed by the members of Congress supporting H.R. 4122. A national policy of investing in our human and physical capital is long overdue. It will be the key t o breaking the back of this recession, and paving the way to prosperity in tehq next century. This bill is a great start toward forging such a national policy. And unless we commit to do this hard work--finding solutions to the economic state of emergency facing our neighborhoods, our cities and our nation--unemployment and the hardships it means for American families will continue to eat away at the real strength of our nation. Thank you for your efforts.

Respectfully Submitted,

On Behalf of the Neighborhood Capital Budget Group,

Jacqueline C. Leavy

Jacqueline C. Leavy
Director

Mr. HAYES. Our final witness is Mr. Diffay, the vice-president for human development of The Woodlawn Organization.

STATEMENT OF LEIGH DIFFAY, VICE-PRESIDENT FOR HUMAN DEVELOPMENT, THE WOODLAWN ORGANIZATION

Mr. DIFFAY. Chairman Perkins, Congressman Hayes, my name is Leigh Diffay. I appear before you today on behalf of The Woodlawn Organization, where I serve as Vice-President for Human Development.

You have had an extremely impressive group of panelists before you today who have well articulated the need for this legislation both in terms of the work to be done, as well as the people to be served.

We certainly appreciate the opportunity to add our comments and support for the proposed Infrastructure Improvement and Job Opportunities Act.

The Woodland Organization is a community-based organization founded in 1960. Essentially an advocacy organization at the outset, TWO was establisned to improve or help improve the quality of life in Woodlawn.

The residents of Woodlawn are predominantly black and economically disadvantaged. The median income there is about $10,500. There are only eight other communities in the City of Chicago that have incomes as low as the residents of Woodlawn.

Among the youth who lack a high school diploma and have little or no work experience, unemployment in that area is estimated to be about 65 percent. It could be 85 percent. It is extreme. There is just no question about the need.

T.W.O. has a rich history in the delivery of employment and training services which started back in the 1960's under the Manpower Development and Training Act, continued under the Comprehensive Employment and Training Act and currently provides services for both adults and youth under the Job Training Partnership Act.

Through that time we have trained and placed welfare recipients, teenage parents, single heads of households and many others who were economically disadvantaged. None, however, have been as difficult to place in employment as the young blacks who have dropped out of high school for whatever reason and have little or no work experience.

This bill, the Infrastructure Improvement and Job Opportunities Act, provides access to job opportunities for those most in need—those young blacks that I am talking about that do not have the education and do not have the work experience—and are least likely to find employment. Unemployment is at 65 or 70 percent in our community alone.

The requirement that participants maintain satisfactory progress towards receiving a high school diploma or its equivalent, the provision of counseling, remedial instruction and supportive services such as transportation and especially child care will help to assure successful completion of this work experience, and it will produce a stronger candidate.

I think this would really be the meat of it, as far as I am concerned. It will produce a stronger job candidate for future private sector employment opportunities.

However, for the testing requirement to be really meaningful I think it should be used as a measure of future employability. Employers today and even more so in the future want employees who can read, write and who can perform math. We should, therefore, test for math competence. I do not think the bill specifically addresses that. I think it is important.

We should require remediation—not suggest it and not counsel for it, but require remediation—for anyone who tests below the eighth grade in reading or math.

We appreciate this opportunity again, Mr. Chairman. If there is anything we can do to help with regard to this in the future garnering all the support that I know you are going to get for this bill, please do not hesitate to call.

Thank you.

Mr. HAYES. Thank you very much.

We had one other witness. We have his prepared testimony. If there would be no objection, Mr. Chairman, it should be included in the record of this hearing.

It is from Mr. Michael Saron, an unemployed UAW, United Automobile Worker, member. I ask that his prepared statement be made a part of this record.

Chairman PERKINS. Without objection.

STATEMENT OF MICHAEL SARON, UNEMPLOYED UAW MEMBER

Chairman Perkins and Congressman Hayes, my name is Michael Saron. I am 36 years old. I worked for General Motors from the time I got out of high school in July, 1973 until March of 1986.

Since I was laid off I have worked as a car salesman on and off, otherwise I have been unemployed.

In high school I took a general high school education course. From the time I was 14 or 15 years old, it was understood that I would work for General Motors my whole life. That factory had been in existence since 1936. I actually got out of high school in January 1973, but I could not begin work for GM until I was 18 because they always checked people's applications. So I worked in some small factory for 6 months until I turned 18 on June 21, 1973; I began work for GM that July 11th.

At General Motors, I was a warehouseman, stock keeper, follow person for most of the time I worked there.

It has been very hard for me to find work since being laid off. The jobs that I am able to apply for, given my work history and skills background, are hard to find and when I do find them the pay is less than half of what I made at GM. There are always hundreds of other applicants for the job.

My future is frightening. I only have 8 weeks left of any kind of benefits to draw on.

I live with one adult relative with whom I share expenses. I am single and have no children. I was involved with someone, but the stress and instability of my future made making plans impossible and the stress of the situation did not allow the relationship to last.

I need some kind of future. I need some kind of help, it is not clear to me what. Chairman Perkins and Congressman Hayes, I and many, many others are looking to you and other leaders of this country to find a way to help us.

Thank you for your time and interest in the condition of my life and the millions of other in similar shoes.

Mr. HAYES. I want to say to both of you that we do have one or two questions which we are not going to raise with you now in the interest of time.

We are reaching what I characterize as the traffic danger zone en route to O'Hare Airport. I want my colleague and his staff and my staff who are headed back to Washington not to miss their plane.

We will forward those questions to you. If at all possible, we would appreciate it if you could respond to them.

We are not going to inundate you with questions, but you have made some suggestions here which we are not going to take lightly and will really consider from not only this panel, but the other panel.

All the suggestions that you made we are going to look at and really consider them because what we are looking for is an effort in this legislation to do what we can to make it serve the purpose of which we want, which is to get this Nation to focus its attention on what we see to be a dire need of positive interest in themselves to the question of unemployment and joblessness not just for now, but as we look into the future.

Unless we change our direction, you are going to find many youngsters permanently unemployed. This is what we hope to do.

I want to thank you.

Mr. Chairman, do you have any closing remarks you want to make?

Chairman PERKINS. I do not have any additional remarks, Mr. Hayes, other than thank you for the opportunity to come to Chicago and get a different viewpoint.

We are trying to get as many different viewpoints across this Nation as possible. We are trying to see what the problems are in New England, the Midwest, the big cities, the rural areas, the Western areas, and see what we can put together in some combination that is coherent and makes sense that lets people have an opportunity to have jobs in America.

I think the testimony that has been provided here today has been very helpful and certainly something that this subcommittee will look at very closely in its deliberations as this year goes on.

Thank you, Mr. Hayes.

Mr. HAYES. We do hope that we will be able to issue a release that at least points out to the press some of the highlights of this hearing here.

When I heard over there this morning that there had been a fight at the mayor's summer home and they were having a press conference at the same time as we were starting here, I said forget it; the press will not be here.

Thank you very much. This concludes our hearing.

[Whereupon, at 2:50 p.m., the subcommittee was adjourned.]

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